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WU XUEQIAN LEAVES NEW YORK FOR HOME 6 OCT

OW061632 Beijing XINHUA in English 1628 GMT 6 Oct 85

[Text] United Nations, October 6 (XINHUA) -- Chinese Foreign Minister Wu Xueqian left New York for home this morning after attending the 40th session of the U.N. General Assembly and the Security Council's foreign ministers' meeting in commemoration of the 40th anniversary of the United Nations. Wu, who is also state councillor, spoke at both meetings on September 26 and 30.

During his stay here, the Chinese foreign minister and head of the Chinese Government delegation to the current U.N. General Assembly session met several heads of state or government as well as his counterparts from many countries. He exchanged views with them on international issues and bilateral relations.

CPC SPOKESMAN ON RELATIONS WITH FOREIGN PARTIES

OW051044 Beijing XINHUA in English 1030 GMT 5 Oct 85

["No Interference in Others' Internal Affairs, Says CPC Spokesman" -- XINHUA headline]

[Text] Beijing, October 5 (XINHUA) -- The Communist Party of China (CPC) has time and again declared that it will never interfere in the internal affairs of foreign parties, nor will it make use of relations with them to interfere in their countries' affairs. These remarks were made by Wu Xingtang, a spokesman for the International Liaison Department of the CPC Central Committee at a news briefing here today.

Replying to a question about the relations between the CPC and the communist parties of some Southeast Asian countries, Wu said it was a common international phenomenon for one country's political party to establish relations with another's.

Noting that relations between the CPC and the Southeast Asian countries' communist parties can be traced back to before the Second World War, he said, such relations, like those relations between the CPC and other communist parties, are "a sort of moral relations".

When asked whether the CPC is preparing to expand its relations with parties in power in South Asian nations, he replied that General Secretary of the Indian Congress Party Shrikant Verma paid a visit to China recently on his way to the Democratic People's Republic of Korea at the invitation of the International Liaison Department of the CPC Central Committee.

The Chinese Communist Party is willing to develop relations with government parties in the South Asian countries on the basis of independence, complete equality, mutual respect and non-interference in each other's internal affairs, the spokesman said. Moreover, he pointed out that relations between countries should strictly follow the five principles of peaceful co-existence and the political system of a country should be decided by its own people.

ZHONGGUO XINWEN SHE Report

HK070335 Beijing ZHONGGUO XINWEN SHE in Chinese, 0846 GMT 5 Oct 85

[Text] Beijing, 5 Oct (ZHONGGUO XINWEN SHE) -- At present, the CPC has established relations with more than 190 political parties in the world.

Among these parties, some are communist parties, including Marxist-Leninist communist parties founded in the 1960's, and others are socialist parties and political parties in some Third World countries.

This was revealed by Wu Xingtang, spokesman for the CPC Central Committee's International Liaison Department, at a news briefing this morning when he answered questions posed by reporters.

He said: At present, the CPC maintains relations with some communist parties and Marxist-Leninist organizations which were founded in the 1960's, but the CPC has no relations with those which do not show a friendly attitude toward her.

He also said: Shrikant Verma, general secretary of the Indian National Congress Party, recently visited China at the invitation of the CPC Central Committee International Liaison Department after he finished his visit to Korea. The chairman of the United National Party of Sri Lanka is now paying a visit to China. He said: The CPC is willing to develop relations with ruling parties of other countries in southern Asia on the principles of independence, self-determination, complete equality, mutual respect, and noninterference in each other's internal affairs.

He also said: The CPC has not had any relations with the Communist Party of the United States for a long time, and no relations now exist between the two parties. He said: The CPC is willing to restore contacts and relations with other communist parties, including the Japanese Communist Party, with which the CPC now has no relations, on the basis of the four principles.

NATO FOREIGN MINISTERS TO MEET IN BRUSSELS

OW041407 Beijing XINHUA in English 1111 GMT 4 Oct 85

[Text] Brussels, October 3 (XINHUA) -- Foreign ministers of the 16 North Atlantic Treaty Organization (NATO) countries will meet here before Novemember's U.S.-Soviet summit meeting to discuss East-West relations and disarmament, NATO headquarters announced today. No date has been set for the meeting.

The meeting was proposed by Belgium and the Netherlands yesterday after French President Francois Mitterrand turned down U.S. President Ronald Reagan's invitation for a summit meeting of the seven leading industrialized nations.

U.S. Secretary of State George Shultz reportedly has accepted the invitation for the NATO meeting.

Belgian Foreign Minister Leo Tindemans suggested in a letter to Shultz that the meeting be held on October 24 in New York, the same date and place as the proposed industrialized summit. But a State Department spokesman said Shultz would be coming to Brussels "at a mutually agreed time."

U.S. ACREES TO GIVE THAIS LOGISTICAL SUPPORT

OW040856 Beijing XINHUA in English 0718 GMT 4 Oct 85

[Text] Washington, October 3 (XINHUA) -- The United States signed a five-year agreement today with Thailand to guarantee rapid U.S. logistical support for the Thai Armed Forces during "times of international tension or armed conflict."

The agreement was signed in New York by U.S. Secretary of Defense Caspar Weinberger and Thai Prime Minister Prem Tinsulanon. Weinberger made a special trip to New York to meet the Thai prime minister who is attending the U.N. sessions.

According to a Pentagon statement, the agreement sets up guidelines to ensure that Thailand can gain rapid access to U.S. spare parts and logistical support for American-made weapons in case of crisis.

In recent years Thailand has been threatened by the Vietnamese occupation troops in Kampuchea who often invaded Thai territory. The United States, which regards Thailand as its strong ally in Southeast Asia, has increased its military and economic assistance to Thailand. Earlier this year, the U.S. Defense Department approved the sale of 12 advanced F-16 fighters and special radar units that can be used to fix the locations of enemy artillery.

JAPAN UNLIKELY TO DECIDE IMMEDIATELY ON SDI

OW061955 Beijing XINHUA in English 1916 GMT 6 Oct 85

[Text] Tokyo, October 6 (XINHUA) -- The United States has urged Japan not to "miss the bus" of research on the U.S. Strategic Defense Initiative, but Japan is not likely to make an immediate decision, Japanese Government sources revealed today.

The American attitude was shown in recent U.S. officials' talks with a Japanese delegation which went to the United States to be briefed by Pentagon on SDI. Unless Japan opts in at an early stage, Japanese business could miss the opportunity to benefit from the technological spin-offs that are likely to come from the research program, Pentagon officials told the Japanese delegation.

The delegation reached accord virtually with U.S. officials on some details of supplying weapons technologies by Japan to the United States, according to THE DAILY YOMIURI. These Japanese weapons technologies include those indispensible to the SDI, according to THE CHRISTIAN SCIENCE MONITOR.

However, the Japanese Government sources said Japan is not likely to make an immediate decision, preferring to wait for the Europeans to move. Japanese Government's present position on SDI is that it "understands" the research. The ruling Liberal-Democratic Party thinks Japan should join in SDI but Japanese businesses are not eager about it because they think that they make very much in non-military fields. The opposition parties are against it.

GAO YI LEADS DELEGATION TO SOFIA UNESCO SESSION

OW030853 Beijing XINHUA in English 0647 GMT 3 Oct 85

[Text] Beijing, October 3 (XINHUA) -- A 22-member Chinese Government delegation led by Gao Yi, chairman of the Chinese National Commission for UNESCO (United Nations Educational, Scientific and Cultural Organization), left here this morning to attend the 23rd session of the general congress of UNESCO in Sofia, Bulgaria, from October 8 to November 12.

REPORTAGE ON VISIT OF U.S. AIR FORCE CHIEF GABRIEL

Wang Hai Hosts Banquet

LD042123 Beijing XINHUA in English 1608 GMT 4 Oct 85

[Text] Beijing, October 4 (XINHUA) -- Wang Hai, commander of the People's Liberation Army Air Force, hosted a banquet here tonight to welcome Chief of U.S. Air Force Staff General Charles Gabriel. He is the first U.S. Air Force leader to visit the People's Republic of China.

In a toast at the Great Hall of the People, Wang Hai said that he looked forward to exchanging views with his guest on matters of common concern. This would strengthen mutual understanding and friendship between the Chinese and U.S. Air Forces. Gabriel said there were good prospects for the development of relations between the two Air Forces. Earlier, a welcoming ceremony was held here for General and Mrs Gabriel and their visiting party.

Views PLA Air Show

OW051256 Beijing XINHUA in English 1245 GMT 5 Oct 85

[Text] Beijing, October 5 (XINHUA) -- Chief of U.S. Air Force Staff General Charles Gabriel saw a nine-aircraft demonstration at a Chinese Air Force base today.

Accompanied by Chinese Air Force Commander Wang Hai, Gabriel watched the nine aircraft doing various combat turns in arrow and diamond formations. After the show, the 57 year-old general, himself a veteran pilot, told the Chinese pilots that he was "a little bit frightened" when he saw them flying so close to one another in their formation. "Your demonstration today is very impressive," he said to the pilots. The general also mounted an aircraft to see its apparatus. In the afternoon, General Gabriel and his party visited a military museum in Beijing.

Zhang Aiping Hosts Luncheon

OW061046 Beijing XINHUA in English 1030 GMT 6 Oct 85

[Text] Beijing, October 6 (XINHUA) -- State Councillor and Minister of National Defense Zhang Aiping exchanged views here today with visiting Chief of U.S. Air Force Staff General Charles Gabriel on the furtherance of relations between the Air Forces of China and the U.S.

After the meeting, Zhang hosted a luncheon for Gabriel, Mrs. Gabriel and their party. Present was Chinese Air Force Commander Wang Hai.

General Gabriel is scheduled to leave Beijing for a tour of Chinese Air Force establishments in Shenyang, Anshan, Xian, Hangzhou and Shanghai before leaving for home.

U.S. RULES OUT SDI AS 'BARGAINING CHIP' AT GENEVA

OW050226 Beijing XINHUA in English 0209 GMT 5 Oct 85

["U.S. To Carry Out 'Star Wars' Program" -- XINHUA headline]

[Text] Washington, October 4 (XINHUA) -- The United States appears to be stepping up its effort to justify its "star wars" program as the scheduled Reagan-Gorbachev summit meeting in Geneva approaches.

Following his statement yesterday in Cincinnati, Ohio, that the Soviet Union is "about ten years ahead" of the United States in strategic nuclear armament, President Ronald Reagan today said that the "star wars" program could become "a great protector of our people and the people of the world" and once again ruled out the possibility of bargaining it away in the arms control talks with the Soviet Union.

"Demands to abandon a program with real potential for strengthening deterrence and enhancing Western security do not deal with the real issue of peace," he said in a speech at a Republican Party fundraising luncheon.

Meanwhile, at the State Department, three Reagan administration officials held a special briefing for reporters on Soviet space defense weapons and explained why the United States refused to use its "star wars" program as a bargaining chip.

Paul Nitze, special arms control adviser to President Reagan, said the Soviet Union has spent as much on strategic defense systems in recent years as it has on strategic offense systems and still is spending more than the United States on defensive systems. He predicted that as the present trend continues, the Soviet Union could be ready to deploy advanced space-based systems by the end of this century.

Richard Perie, assistant secretary for defense, said the Soviet Union "had the field to themselves" during the dozen years before Reagan announced his "star wars" program. "The Soviet Union would very much like to return to the situation" in which they alone were free to develop space technologies, he said.

The officials released at the briefing a document which accuses the Soviet Union of pursuing military doctrine and strategy that "call for superior offensive forces capable of executing a successful first strike" against the U.S. forces. "The Soviet buildup in offensive forces over the last two decades has been designed to move in that direction," the document charged.

U.S. SECURITY ADVISER ON SOVIET ARMS PROPOSAL

OW070822 Beijing XINHUA in English 0718 GMT 7 Oct 85

[Text] Washington October 6 (XINHUA) -- U.S. National Security Adviser Robert McFarlane said today that the latest Soviet proposal on arms control is motivated to terminate the U.S. "star wars" program and to drive a wedge between the U.S. and its Western allies.

However, he said, there are elements in the Soviet proposal in which "we find a very constructive beginning." "Any serious observer acknowledges that is a starting point" for serious negotiations, though "where it will lead is hard to say," he said.

Interviewed on the National Broadcasting Company's "Meet the Press," McFarlane said the Soviet Union is seeking a "first strike" capability to "coerce or blackmail our behavior during a crisis without firing a shot." "Basically, if they are able in their first attack to leave you with options that are infeasible or unlikely, then they would have succeeded," he said.

He asserted that even without spelling curbs on "star wars" research, testing and development, the new Soviet proposal would also leave the United States "much weaker" and the strategic balance between the two superpowers "much less stable." "I don't even think the Soviet Union pretends that this is an equitable basis for an outcome," he said.

McFarlane repeated the Reagan administration's determination to go ahead with the "star wars" program, calling it "a matter of first and enduring priority" for the United States.

He said Reagan will press Soviet leader Mikhail Gorbachev in Geneva on the need "to move away from exclusive reliance upon nuclear power" as a deterrent to war "and put greater reliance on non-nuclear defense systems." "He intends to pursue that through a vigorous research-testing program which is clearly consistent with the ABM (anti-ballistic missile) treaty."

RENMIN RIBAO ON U.S. ATTITUDE ON GENEVA SUMMIT

HK070401 Beijing RENMIN RIBAO in Chinese 25 Sep 85 p 7

["Newsletter From America" by reporter Zhang Yongwen: "Comments Related to the U.S.-Soviet Summit"]

[Text] As the U.S.-Soviet summit draws nearer, there have been increased discussions about it in the United States, making various predictions on the prospects for the meeting. Earlier, the American public placed great hopes on the first U.S.-Soviet summit in 6 years, expecting that the meeting would help improve the relations between the two countries and stabilize the international situation. However, the propaganda war recently launched by the senior officials of the two countries on the summit issue and the opposing stands repeatedly expressed by them have made many people worry about the prospects for the meeting.

In the commentary today, THE NEW YORK TIMES pointed out that the two countries have now entered a crucial period of making a final decision on the summit. The third round of the Geneva arms control talks started this week. This is the last chance to make progress on the arms issue before the U.S.-Soviet summit. The new Soviet foreign minister will soon meet Secretary of State Shultz and President Reagan. It is widely rumored here that he will bring the latest Soviet proposals on the arms control issue, which will likely affect preparations for the summit. A U.S. Government official disclosed that President Reagan has recently convened a series of National Security Council meetings on the summit issue in an effort to work out a countermeasure.

According to an agreement reached between the two parties, the meeting will discuss such issues as arms control, regional affairs, and bilateral relations. Obviously, arms control, particularly the U.S. "star wars" program, will be the focal point of the discussions.

The Soviet Union has repeatedly indicated that unless the United States gives up its Strategic Defense Initiative, the summit meeting would be meaningless. Recently, Gorbachev indicated on several occasions that the Soviet Union was ready to considerably reduce its offensive nuclear weapons in return for U.S. cancellation of the Stragegic Defense Initiative.

On his arrival in Geneva, the Soviet representative to the Geneva arms talks stated that he had come to reach an agreement on the "demilitarization of outer space." However, Reagan stated on several occasions that he was not ready to barter away the Strategic Defense Initiative. It has been reported that in recent weeks, the U.S. Government has held frequent discussions on this issue. At a press conference on 17 September, Reagan officially ruled out the possibility of stopping the develpment and deployment of strategic defensive weapons in return for a drastic Soviet reduction of nuclear weapons. He also instructed the U.S. representative to the Geneva arms talks not to put forward and proposals on defensive weapons.

However, the proposal of giving up the "star wars" program in return for a Soviet reduction of offensive nuclear weapons has a certain appeal to some former U.S. Government officials, disarmament experts, congressmen, and people. Former Democratic presidential candidate Walter Mondale held that unless Reagan agreed to use the Strategic Defense Initiative as a "bargaining chip" at the summit, the meeting would not be successful. (Vaughn), a former representative to the disarmament talks during the Carter administration, said: "If Reagan really does what he has said, the prospects for the arms talks will fizzle out." Former President Richard Nixon supported the Strategic Defense Initiative but he also held that it could be used as the "last bargaining chip." Some weapons experts widely held that if the Soviet land-based missiles, which accounted for 60 percent of its nuclear arsenal, could be reduced by 40 percent, the threat of the Soviet Union launching the first strike at the United States would be greatly reduced. For this reason, they are inclined to make the deal.

It has been disclosed in press reports that there are also differences of opinion on this issue among Reagan's principal assistants. Some State Department officials headed by George Shultz are inclined to reach a compromise, holding that this option should at least be seriously considered. But some Defense Department officials headed by Caspar Weinberger are strenuously opposed to this deal. According to a press report, in an effort to play a "positive role" in the preparations for the summit, Caspar Weinberger has canceled his scheduled visit to the Far East.

Reagan has announced that the Strategic Defense Initiative is "too important" to be negotiated. However, some government officials have privately indicated that nobody knows what will happen in the next 1 to 2 months and that is it "too early" to predict Reagan's stand at the summit.

U.S. PROPOSES NATO FOREIGN MINISTERS MEETING

OW041308 Beijing XINHUA in English 1041 GMT 4 Oct 85

[Text] Washington, October 3 (XINHUA) -- U.S. Secretary of State Shultz has sent a letter to the foreign ministers of the NATO countries proposing a special meeting of the North Atlantic Council of discuss the preparations for the U.S.-Soviet summit meeting in Geneva.

Announcing the news at the regular briefing this afternoon, State Department spokesman Charles Redman said that the United States is "committed to using every possible opportunity for closest possible consultations among our Western allies."

He said the proposed meeting "will provide another opportunity for thorough discussions" of the U.S. plan for the November summit and "will further strengthen Western solidarity." Shultz is prepared to fly to Brussels to meet NATO foreign ministers, he added.

The White House announced on Monday that Reagan has invited the leaders of seven industrialized Western nations to attend a working meeting at the United Nations late October to discuss military, economic and political issues with them before he goes to Geneva. It was said that the meeting would help blunt "the traditional Soviet public relations effort to drive a wedge between the United States and Europe."

Shultz's proposal came in response to a letter from Belgian Foreign Minister Leo Tindemans who said a planned meeting between Reagan and the leaders of six other leading industrial countries was a good idea, but that the pre-summit consultations ought to include U.S. allies in NATO, the spokesman said.

RENMIN RIBAO: U.S. CHANGING STAND ON ISRAELI ATTACK

HK060850 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 5 Oct 85 p 6

["Special dispatch" from Washington by reporter Zhang Yunwen: "The White House Changes Its Tone on the Israeli Atrocity"]

[Text] Washington, 3 Oct -- The Reagan administration yesterday changed its original stand on fully supporting Israel's surprise attack on the Palestine Liberation Organization's Headquarters in Tunisia. A White House statement described this attack as an "understandable expression of self-defense" but said at the same time that this attack "was inexcusable." Earlier, the White House described the Israeli move as "a legitimate response to a terrorist attack."

Secretary of State George Shultz and Secretary of Defense Caspar Weinberger were reportedly dissatisfied with the way the White House handled this incident.

Yesterday, the spokesmen for the White House and the State Department still expressed regret over the Israeli raid. Public opinion reflects that it was aimed at coordinating the stands between senior government officials and also at preventing the original White House stance on this incident from undermining U.S. relations with Tunisia, as well as the Mideast talks.

A Pentagon official also held that by using U.S.-made aircraft to raid the PLO base, Israel violated the U.S. law on arms export control. The law stipulates that military equipment supplied by the United States can only be used for "internal security" and "legitimate self-defense."

GENG BIAO MEETS VISITING ARIZONA GOVERNOR, WIFE

OW031829 Beijing XINHUA in English 1528 GMT 3 Oct 85

[Text] Beijing, October 3 (XINHUA) -- Geng Biao, vice-chairman of the National People's Congress Standing Committee, met here this afternoon Bruce Babbitt, governor of the Arizona State, the United States, and Mrs. Babbitt.

The American couple arrived here yesterday after visiting Shanghai and Xinjiang Uygur Autonomous Region. They were honored at a banquet given by Liu Gengyin, vice-president of the Chinese People's Association for Friendship With Foreign Countries, here this evening.

CHEN MUHUA MEETS U.S. BUSINESS EXECUTIVE

OW041409 Beijing XINHUA in English 1114 GMT 4 Oct 85

[Text] Beijing, October 4 (XINHUA) -- Chen Muhua, Chinese state councillor and president of the People's Bank of China, met and had a friendly conversation with Henry Jarecki, chairman of Mocatta and Goldsmid Co. of the United States, and his party here today.

CPC SPOKESMAN ON RESUMPTION OF CPC-CPSU RELATIONS

HK050938 Beijing ZHONGGUO XINWEN SHE in Chinese 0847 GMT 5 Oct 85

[Report: "A CPC Official Says That It Is Still Premature To Consider the Resumption of CPC-CPSU Relations" -- ZHONGGUO XINWEN SHE headline]

[Text] Beijing, 5 Oct (ZHONGGUO XINWEN SHE) -- This morning, responding to a question raised by a reporter, Wu Xingtang, a spokesman for the CPC International Liaison Department, said that it is still premature to consider the resumption of CPC-CPSU relations.

He said: In recent years, contacts between China and the Soviet Union in the fields of economy, trade, science, technology, culture, and education have become more frequent. However, between China and the Soviet Union, there are still the three major obstacles which affect China's security. Thus, the resumption of the relations between the two parties is still out of the question.

The spokesman said: It is natural for the Chinese and Soviet foreign ministers to meet at UN Headquarters and to inform each other of how their countries are doing. However, this does not imply contacts between the two parties or the resumption of their relations.

He also said: China has not established relations with the GDR, Hungarian, Polish, Czech, and Bulgarian Communist Parties. He maintained that the CPC has always advocated the establishment of relations with other communist parties on the basis of the principle of independence, keeping one's initiative in one's own hands, total equality, mutual respect, and mutual noninterference of internal affairs.

SOVIET PRESS PRAISES GORBACHEV'S VISIT TO FRANCE

OW070744 Beijing XINHUA in English 0646 GMT 7 Oct 85

[Text] Moscow, October 6 (XINHUA) -- The Soviet press today hailed Mikhail Gorbachev's four-day visit to France as a significant foreign policy success.

IZVESTIYA commentator Stanislav Kondrashov said on Soviet television's "International Panorama" program that the significance of the visit goes beyond the framework of Soviet-French relations. The visit has reached its goal of breathing fresh air into Soviet-French relations and lent a powerful impetus to the entire political dialogue between East and West, he said.

PRAVDA, the Communist Party newspaper, said the talks between Gorbachev and French President Francois Mitterrand "showed the proximity of the two powers over major problems." However, the newspaper made no mention of Mitterrand's refusal to accept Gorbachev's proposal that France and Britain open direct negotiations with Moscow on reducing medium-range missiles in Europe. Instead, it said that the proposal "aroused strong interest."

The Soviet press has given wide publicity to Gorbachev's other key proposal, which calls for a 50 percent cut in the nuclear arsenals of the two superpowers in exchange for the scrapping of the U.S. "star wars" program. But Moscow has so far made no comment on France's refusal to join the U.S. program while at the same time declining to stand with Moscow in opposition to star wars.

DPRK-PRC MEMBERS PROPOSE MAC SECRETARIES MEETING

LD042130 Beijing XINHUA in English 1528 GMT 4 Oct 85

[Text] Pyongyang, October 4 (XINHUA) -- Senior member of the Korean-Chinese side to the Korean Military Armistice Commission (MAC) today proposed that secretaries of MAC meet on October 8 to discuss matters about ensuring security in the MAC Headquarters area and removing arms from there, according to a KOREAN CENTRAL NEWS AGENCY report.

The proposal for ensuring security in and removing arms from the MAC Headquarters area was put forward by the Korean-Chinese side at the 249th MAC meeting on July 29. However, as was reported, the U.S. side said in a letter on September 26 that it was "not appropriate to deal with at this time" the proposal, "because of the sensitivity and nature of the area."

The U.S. side called for establishment of a "system of inspections" in the joint security area and in a mutually acceptable area by both sides within the Demilitarized Zone.

In response to the U.S. letter, Maj. General Yi Tae-ho, the senior member of the Korean-Chinese side to MAC said in a telephone message today to the senior member of the U.S. side that the present U.S. position was far from the purpose and intent of the Korean-Chinese side proposal and did not accord with the position it indicated in the past. However, since the U.S. side also expressed its "concern" about easing tension and North-South dialogue, the Korean-Chinese side considered it necessary to hold a secretaries meeting for narrowing the gap between the views of the two sides and finding out possible fields where agreements can be concluded, Yi Tao-ho said. He promised that the Korean-Chinese side will take into consideration the U.S. side opinion about the place and format of the proposed secretaries' meeting.

JAPAN UPS DEFENSE SPENDING 1 PERCENT OVER GNP

LD042134 Beijing XINHUA in English 1548 GMT 4 Oct 85

[Text] Tokyo, October 4 (XINHUA) -- Japanese defense spending for the upcoming five-year defense plan will be over 1 percent of the revised nominal gross national product, the Japanese Economic Planning Agency announced here today.

The 1 percent figure has been kept as a ceiling on defense spending by various Japanese Governments since 1976. The defense budget for 1985 remained under 1 percent of the GNP. However, during the period 1986-1990 the budget will rise to 1.02 percent.

The agency said the revised calculations use a base year of 1980 instead of 1975 boosting the GNP for fiscal 1985 to 321.4 trillion yen, up 6.8 trillion yen. Using this as a forecast for the next five-year period the new defense plan calls for expenditures of 18.4 trillion yen, or 1.02 percent of the GNP. The statistics provided by the agency came on the heels of a government approved defense buildup announced in September.

U.S. NUCLEAR SUBMARINE ARRIVES AT YOKOSUKA

LD042237 Beijing XINHUA in English 1624 GMT 4 Oct 85

[Text] Tokyo, October 4 (XINHUA) -- A U.S. nuclear-powered submarine entered Japanese waters yesterday, the ASAHI EVENING NEWS reported here today.

The U.S. ship Birmingham capable of carrying Tomahawk nuclear cruise missiles, entered the U.S. naval base in Yokosuka about 50 km south of Tokyo. The visit is the 24th by a U.S. nuclear-powered submarine this year, surpassing the previous high of 23 recorded in 1983 and 1984.

RENMIN RIBAO VIEWS SRV'S 'UNIQUE' FOREIGN POLICY

HK040917 Beijing RENMIN RIBAO in Chinese 26 Sep 85 p 6

["Jottings" by Rong Jiu: "Where Does the 'Uniqueness' Lie?"]

[Text] Vietnamese Foreign Minister Nguyen Co Thach recently said that in recent years Vietnam has demonstrated the "unique characteristics and style" of a "poor country" in its diplomacy. What he said is worth pondering.

Nguyen Co Thach modestly considers Vietnam to be a "poor country." However, why has Vietnam become poor? After the reunification of the whole country, Vietnam had the conditions to heal the wounds of war, recuperate and multiply, and gradually become rich. However, the Vietnamese authorities have been obsessed with the idea of pursuing local hegemonism. They have carried out an armed invasion of Cambodia exhausting the nation's resources of national power, and resulting in its impoverishment. Poor as it is, with the support of a foreign power, Vietnam has continued to pursue hegemonism and carried out expansion. All this has determined the "unique" characteristics and style of Vietnam's diplomacy.

The "unique" characteristics of Vietnam's diplomacy have been manifested in ignoring the resolutions of the UN General Assembly and turning a deaf ear to condemnation by world public opinion. It has completely neglected the norms governing international relations and stubbornly stuck to its hegemonist interests. If such characteristics of this foreign policy based on military strength do not represent hegemonist diplomacy, what do they respresent?

As for the "unique" style mentioned by Nguyen Co Thach, this is obvious to all. Vietnam might say one thing today, but say something else tomorrow. It tries to sow discord among various factions of the Democratic Kampuchean resistance forces today. It will try again to obstruct the unity of the ASEAN countries tomorrow. It says today that it intends to "partially withdraw its troops." Tomorrow it dishes out the proposal on a "dialogue between groups." No matter how many changes it has made, it has not departed from its stand. As long as the objective of invading and occupying Cambodia can be attained, it plays various kinds of tricks. The "characteristics" are truly "unique," but the style has become more and more vulgar.

Through practice in recent years, people have realized that it is unwise for the Vietnamese authorities to pursue diplomacy with such "unique characteristics and style." It has been rebuffed by and is unwelcome everywhere in the international community. The matter is clear enough. Vietnam has become poor because of its invasion of Cambodia. This fact cannot be changed by simply playing diplomatic tricks, or demonstrating "unique characteristics." The only way out for Vietnam is its immediate and unconditional withdrawal of all its troops from Cambodia. Only thus can it truly demonstrate characteristics and style in its diplomacy which will be welcomed by the people.

REPORTAGE ON VISIT OF FRG'S FRANZ-JOSEF STRAUSS

Deng Xiaoping Speaks on SDI

OW050910 Beijing XINHUA in English 0856 GMT 5 Oct 85

[Text] Beijing, October 5 (XINHUA) -- Deng Xiaoping, chairman of the Chinese Communist Party Central Advisory Commission, said here today that China is against any superpower engaging in the development of space weapons. He said the "star wars" plan symbolizes the escalation in nature of the nuclear arms race between the two superpowers.

Speaking at a meeting today with Franz-Josef Strauss, minister-president of the Federal German State of Bavaria and chairman of that country's Christian Social Union, Deng Xiaoping said he has a conviction that China, the Federal Republic of Germany and Europe as a whole are a force for peace and a force checking world war.

The 81-year-old Chairman Deng Xiaoping said China has always stood for a united and strong Europe. "Whenever China and Europe make progress in their economic development they add strength to the world's forces for peace," he said.

Strauss said if the world is dominated by the Soviet Union and the United States there will be no international stability. "We are pleased to see that China and Europe have become stronger and stronger," he said. The Federal German statesman paid tribute to the contributions Deng Xiaoping has made to China's development and to the friendship between China and Federal Germany.

Deng Xiaoping praised Strauss for his efforts in developing friendly, cooperative relations between their two countries.

Deng Xiaoping and Strauss had an in-depth discussion of other major international issues. Han Nianlong, president of the Chinese People's Institute of Foreign Affairs, was also present at the meeting.

This is Strauss' fourth visit to China. He met the late Chairman Mao Zedong and Premier Zhou Enlai in 1975. Strauss left here this afternoon by train for a tour of Qingdao and Shanghai; he will preside over the opening ceremony of a Bavarian economic exhibition in Qingdao.

Zhao Ziyang Hosts Luncheon

OW050924 Beijing XINHUA in English 0903 GMT 5 Oct 85

[Text] Beijing October 5 (XINHUA) -- Chinese Premier Zhao Ziyang hosted a luncheon here today for Franz-Josef Strauss, chairman of the Christian Social Union of the Federal Republic of Germany and minister-president of the State of Bavaria, and his party. Zhao was accorded a warm welcome by Strauss during his visit to Federal Germany last June.

Strauss Attends Beijing Seminar

OW051222 Beijing XINHUA in English 1157 GMT 5 Oct 85

[Text] Beijing, October 5 (XINHUA) -- The Chinese People's Association for Friendship With Foreign Countries and the Hans Seidl Foundation of the Federal Republic of Germany held a one-day seminar on international affairs here today.

Among the more than 60 participants were President of the Chinese Amity Association Wang Bingnan, Minister-President Franz-Josef Strauss of the State of Bavaria in the Federal Republic of Germany and First Chairman of the foundation Fritz Pirkl. They also spoke at the seminar.

Discussions centered on political and economic relations between China and Federal Germany, economic relations between China and the European Economic Community (EEC) and matters concerning world peace.

The participants reached a consensus of opinion that China's policy of opening to the outside world had made it possible for it to further cooperate with Federal Germany and the EEC. The Federal German foundation and the Chinese Amity Association established ties in 1979.

CONCLUSION OF MIKHAIL GORBACHEV'S VISIT TO FRANCE

Joint Press Conference Held

OW042006 Beijing XINHUA in English 1847 GMT 4 Oct 85

[Text] Paris, October 4 (XINHUA) -- French President Francois Mitterrand today rejected Soviet leader Mikhail Gorbachev's proposal for direct negotiations on France's independent nuclear deterrent but said he did not rule out an exchange of views.

He told a joint press conference with Gorbachev that "France does not refuse an exchange of views with the Soviet Union, but I do not think that it would be reasonable to think that there could be negotiations." France has "practically no medium-range nuclear force", he said. Therefore he saw "no subject for discussion." "France's concern is to stay above the threshold of nuclear credibility and effectiveness," he added.

On the U.S. Strategic Defense Initiative (SDI) program, Mitterrand reaffirmed that France will not take part in all forms of armament in space and France will not join in the debate on the SDI.

On Gorbachev's offer to the United States of a 50-percent mutual reduction in strategic weapons in exchange for a ban on "star wars," Mitterrand said that this substantial reduction in armaments can only be achieved if this proposal of principle is linked to the impossibility of transferring the arms race from earth to space.

France, Mitterrand said, supports "the neutrality" of Afghanistan under the international control.

He also announced that he had accepted an invitation to visit the Soviet Union next year.

At the news conference, Gorbachev said France and Britain should have a new attitude on the direct talks with Moscow on disarmament.

He called for closer ties and improved dialogue with the West. "The realities of today's world are such that in all of the differences of our political systems, ideology, traditions... we definitely must seek the path to a better world that would be characterized by dialogue, mutual understanding and trust," he said.

France and the Soviet Union signed an agreement on economic cooperation and a fiscal accord today.

Gorbachev Affirms Views, Departs

OW050244 Beijing XINHUA in English 1909 GMT 5 Oct 85

["Gorbachev Leaves France for Home" -- XINHUA headline]

[Text] Paris, October 5 (XINHUA) -- Soviet leader Mikhail Gorbachev left here today for home, having reiterated opposition to the "star wars" program and spelt out the Soviet proposal for direct negotiations on its nuclear arms. His three meetings with President Francois Mitterrand covered the "star wars" program, East-West relations, arms control, relaxation of world tension. His visit to France took place well in advance of the American-Soviet summit in November. It was clearly meant to get France to join in the opposition to the American program and to use France as a platform for an appeal to the United States and Western Europe for disarmament and East-West dialogues and to enlist the West European public in wrestling for Washington's concessions on arms control and detente.

Before his departure for Paris, Gorbachev told French that one TV reporters of the reasons for Gorbachev's upcoming visit to France was the worsening world situation. [sentence as received] This shows that Moscow attaches great importance to France's role in East-West relationship. In greeting Gorbachev, Mitterrand, on his part, assured him that "France is well aware of the extreme importance of the Soviet Union in the world balance of force." So long as circumstances permit, he said, France is always ready for frank and constructive dialogue with the SOviet Union. Besides, France wished to avail itself of the opportunity to reassert its independence on the security issues in East-West relations, and improve its relations with and increase its exports to the Soviet Union.

The French president reaffirmed that his country will not join in the "star wars" program and that substantial reduction of armaments can only be achieved when outer space remain free of the present arms race. On the other hand, he made it clear that France will not join in the debate on the American program and refrained from issuing a joint communique on it with his Soviet guest. He made a point of stressing that he remains loyal to his "friends and allies -- the Americans." He, furthermore, refused to enter into separate talks with the Soviet Union on nuclear weapons. France's nuclear arsenal, he pointed out, is so small that there is no margin for negotiations. He, however, left the door open for exchange of views on the matter and voiced the desire for a "compromise reasonable for everyone" at the Geneva arms talks.

The two parties discussed Soviet purchase of French grain and possibilities of cooperation in industry, agriculture and space technology. They expressed the desire to make rapid progress in cooperation in atomic energy. Two agreements were concluded at the end of Gorbachev's visit, one renewing for five years the framework trade accord and the other preventing double taxation. Mitterrand accepted Gorbachev's invitiation to visit the Soviet Union next year.

XINHUA Analysis of Visit

OW061622 Beijing XINHUA in English 1555 GMT 6 Oct 85

["News analysis: Gorbachev Ends French Visit with Mixed Results (by Wang Wei)" -- XINHUA headline]

[Text] Paris, October 5 (XINHUA) -- Soviet leader Mikhail Gorbachev scored a propaganda coup during his visit to France by revealing a new nuclear arms control initiative, but failed however, to persuade his French hosts into agreeing with him.

During his first visit to a Western country as leader of the Soviet Union, Gorbachev grabbed the attentions of the Western press by granting a series of interviews including one with French national television. Gorbachev also addressed the French National Assembly.

The Soviet leader scored what the Western press called "a public relations coup" by unveiling a major arms initiative during his address Wednesday. He proposed that both the Soviet Union and the United States reduce strategic weapons by 50 percent and ban research and deployment of outer space weapons. Gorbachev also proposed that Britain and France hold separate talks with the Soviet Union on the issue of nuclear missiles.

After months of the United States scorn for Moscow's failure to put forward new proposals on arms control, Gorbarchev's initiative is apparently aimed at putting his U.S. counterpart President Ronald Reagan on the defensive, while boosting his image in the eyes of the Western public and strengthening his standing in next month's superpower summit, observers said.

Gorbachev's visit seems to have contributed to the development of Franco-Soviet relations since President Mitterrand has accepted the Soviet leader's invitation to visit the Soviet Union next year. This is a move aimed at resuming the once-suspended regular summit meeting between the two countries. However, Mitterand disappointed Gorbachev by refusing to enter into separate talks with the Soviet Union on the issue of nuclear weapons, maintaining that his country's nuclear arsenal is too small to be considered in negotiations with the superpowers. Instead, he urged the superpowers to take the lead in reducing nuclear weapons through negotiations.

Defense analysts here say that the Soviet proposal to hold separate talks with France and Britain reflects both the Soviet Union's acknowledgement of the independence of the West European nuclear forces and also its intention to attempt to separate the defence cooperation between the European countries and the United States.

Gorbachev also failed in one more of his major objectives. He was unable to persuade Mitterrand into issuing a joint statement condemning President Reagan's "star wars" program.

Mitterrand's reaction to the Soviet proposals is seen here as a demonstration of France's desire to maintain an independent foreign policy and to continue its close relationship with the United States. Some observers indicated that by welcoming the Soviet leader, Mitterrand has demonstrated acute political sense with an eye towards next year's parliamentary elections.

Public opinion here shows that on the whole, the French people accepted the Soviet leader's visit with mixed reaction. They were pleased that he chose France as the first Western country he visited before his November summit with President Reagan but feel the visit produced limited results.

ZHAO ZIYANG MEETS ECC'S NARJES 6 OCTOBER

OW070948 Beijing XINHUA in English 0928 GMT 6 Oct 85

[Text] Beijing, October 6 (XINHUA) -- Chinese Premier Zhao Ziyang said here today that China attaches great importance to the opportunities offered in the new technology revolution.

"In the revolution China is not to compete with other countries in high-technology but avail itself of the opportunities to absorb technologies for updating its traditional industries," he said.

He was speaking at a meeting with K.H. Narjes, vice-president of the European Communities Commission and other communities officials and experts attending China-European Communities symposium on new technology revolution. He said as a developing country China will need a considerably long period of time to achieve an all-round industrialization. He said, unlike the situation in Western Europe, China's traditional industries such as iron and steel, machine-building and energy still need a big expansion.

The premier told European officials and experts that China hopes to expand its scientific and technological cooperation in the field of new industries with the European Communities countries and those countries which have also made progress in new technologies. He said, China will develop its own high-technologies and high-technology industries in a planned, selective way. "We will pay special attention to the application of new technologies in the traditional industries so as to gradually shift them onto a new technological basis."

The four-day symposium which opened October 4, discusses the impact of the revolution in technology on economic and social development, and other related aspects.

Zhao said he is satisfied with the results of the symposium. He said it is of significance that China and the European Communities are jointly holding this symposium to celebrate the tenth anniversary of the establishment of their diplomatic relations.

Noting that China and the European Communities enjoy very good relations, the premier said since his visit to the European Communities in June last year, big progress has been made in cooperation between the two sides especially in scientific and technological cooperation. Referring to Europe's great scientific and technological potentials, he said Europe does not lag behind the United States or the Soviet Union in qualified personnel, research and industrial foundation. "We hope to see a united and strong Europe and to see Europe running in the front rank in the new technology revolution," Zhao said. "China has always regarded Europe as a force for safeguarding world peace and stability. The development of Europe's new technologies will not only be in the interests of the European people but also will be conducive to the peace and stability in the whole world."

The premier said he is pleased to learn that the "Eureka" high-technology research program has won support from the European Communities countries. "We hope that the program will be put into effect smoothly," he said.

Narjes told him that European Communities will hold a meeting to discuss detailed plans for the implementation of the program. He said there is plenty of scope for Europe and China to develop their economies in this and next centuries and he hoped that Europe and China will strengthen cooperation in all respects.

REPORTAGE ON VISIT OF BRITISH DEFENSE CHIEF

Arrival in Beijing

OW041356 Beijing XINHUA in English 1320 GMT 4 Oct 85

[Text] Beijing, October 4 (XINHUA) -- Chief of Britain's Defense Staff, Field Marshal Sir Edwin Bramall, his wife and their party arrived here this morning on an official goodwill visit to China.

Sir Edwin Bramall is invited by Yang Dezhi, chief of the General Staff of the Chinese People's Liberation Army. He visited China in 1981 in the capacity of the chief of the General Staff.

Meets Zhang Aiping

OW051316 Beijing XINHUA in English 1300 GMT 5 Oct 85

[Text] Beijing, October 5 (XINHUA) -- Zhang Aiping, Chinese state councillor and minister of national defense, met Field Marshal Sir Edwin Bramall, chief of Britain's Defense Staff, Lady Bramall and their party here today.

Bramall said he hoped for increased relations between the two countries' Armed Forces. The British Armed Forces were interested in China's four modernizations, especially the modernization of national defense, he said.

Zhang said China had scored only initial results in modernizing its national defense. He said China carried out its modernization program mainly through self-reliance, but it also welcomed Britain and other friendly countries to conduct exchanges and cooperation in military technology with it.

Xu Xin, deputy chief of the General Staff of the Chinese People's Liberation Army (PLA), and British Ambassador to China Richard Evans were present.

Earlier today, Bramall met Liu Huaqing, commander of the Chinese Navy, and Wang Hai, commander of the Chinese Air Force, on separate occasions.

This morning, Yang Dezhi, chief of the PLA General Staff, presided over a welcoming ceremony at the square in front of the Military Museum for the British visitors. Bramall, in the company of Yang, inspected a guard of honor made up of men of the PLA three services.

Yang Dezhi Hosts Banquet

OW052000 Beijing XINHUA in English 1902 GMT 5 Oct 85

[Text] Beijing, October 5 (XINHUA) -- Chief of Britain's Defense Staff Field Marshal Sir Edwin Bramall was given a dinner here tonight by People's Liberation Army (PLA) Chief of General Staff Yang Dezhi.

In his toast, Yang said China and Britain enjoyed good relations, and their Armed Forces were in constant contact. Sir Edwin's current visit would contribute to the friendly relations between the two Armed Forces, Yang said.

Bramall said Britain and China shared the common desire to maintain world peace. He hoped there would be a strengthening of the mutual understanding and friendship between their Armed Forces.

Present at the dinner were Xu Xin, deputy chief of the PLA General Staff, and British Ambassador to China Sir Richard Evans.

Bramall, his wife and their visiting party leave Beijing tomorrow to tour other parts of China.

FURTHER REACTION, COMMENT ON ISRAELI ATTACK ON PLO

Groups Denounce Bombing

OW041450 Beijing XINHUA in English 1435 GMT 4 Oct 85

[Text] Beijing, October 4 (XINHUA) -- Three Chinese mass organizations today sent messages respectively to their Palestinian counterparts denouncing the Israeli air raid on the Palestinian Liberation Organization Headquarters in Tunis.

The All-China Federation of Trade Unions in its message to the Palestine Trade Unions Federation expressed deep condolences for the deceased and said the crime committed by the Israeli authorities only reveals Israeli cruelty, stamping international norms and defying world peace and not its mightiness. "This crime will certainly arouse strong protest of justice-upholding people all over the world," the message said.

The All-China Youth Federation and the All-China Students Federation in their message expressed "strong indignation at Israeli authorities' new crime of aggression against the Palestinian and other Arab peoples and their wanton encroachment upon the sovereign state of Tunisia." The Chinese youth and students "will, as always, resolutely support the just struggles of the Palestinian and other Arab peoples, youths and students against Israeli invasion and expansion," it said.

XINHUA Interviews 'Arafat

LD042139 Beijing XINHUA in English 1500 GMT 4 Oct 85

[Text] Tunis, October 4 (XINHUA) -- Several thousands of messages of solidarity from all over the world have been received by the Palestine Liberation Organisation in the past three days, said Yasir 'Arafat, chairman of the Executive Committee of the PLO Thursday night here.

In an exclusive interview with XINHUA, 'Arafat said, the Israeli bombing of the PLO Headquarters has triggered off a mounting global wave against the Israeli atrocities at the connivance of the United States.

'Arafat underlined the fact that the air raid was a joint decision by Israel and the United States. Under the close coordination of the U.S. Sixth Fleet and U.S. Mediterranean bases the Israeli Air Force carried out the mission, he said. The U.S. had provided Israel with photos of the PLO Headquarters taken by U.S. satellites and the Israeli Air Force had used these photos to conduct mimic bombing exercises, he added.

The statements issued by Ronald Reagan, the White House spokesman and other U.S. leaders on the Israeli bombing have testified to how deeply the United States has been involved in this savage military action, 'Arafat noted.

The Israeli raid was made not only against the PLO Headquarters but also against the efforts for peace in the Middle East, 'Arafat stressed, adding that just as what the Israeli army chief of staff had confessed shortly after the bombing, one aim of the operation was to annihilate Yasir 'Arafat.

Therefore, he said, the air raid can be taken as a response from the U.S. Administration to the proposal for a just and overall peace in the Middle East as contained in the joint Jordan-Palestine accord.

Nevertheless, 'Arafat declared, the atrocities committed by the Israelis would lead to a stronger unity among the Palestinians including those living in the occupied territories and would also promote, directly or indirectly, the unity of the Arab nation.

Protests against this heinous atrocity have been voiced in different parts of the world, 'Arafat said, in the U.N. forum, European press, and by leaders and governments of the non-aligned countries, the African and Islamic countries. 'Arafat also paid special tribute to the support given by the Tunisian Government to the PLO.

RENMIN RIBAO Condemns Raid

HK070404 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 7 Oct 85 p 6

[Short commentary: "Stop Israeli Atrocity"]

[Text] The Israeli authorities' barbarous act in bombing the PLO Headquarters in Tunisia has provoked increasingly stronger irritation and condemnation from the vast majority of countries in the world, as well as in public opinion. At the request of the Tunisian Government, the UN Security Council held three successive emergency sessions. Many countries and international organizations had their say and indignantly denounced Israel's crime, demanding that severe sanctions be applied to Israel, which has acted in a willfull and barbarous way. On 4 October, the Security Council adopted by 14 votes a resolution condemning "Israel's armed aggression against Tunisian territory" and calling for UN member-countries to adopt measures to stop Israel's savage provocations.

By brazenly trampling on the norms of international law and the UN Charter and flagrantly sending planes to bomb PLO Headquarters inside the territory of Tunisia, Israeli authorities not only attempted to barbarously suppress the Palestinian people by making a terrorist raid on them, but also deliberately violated Tunisia's independent sovereignty and territorial integrity. This use of military force to attack a sovereign state constituted a flagrant provocation against the international community and cannot be tolerated. As an Arab country, Tunisia has constantly supported the just struggle of the Palestinian people and has offered moral and material assistance to the PLO. These are justifiable actions and are beyond reproach. Tunisia's solemn and just stand has won the praise of the Palestinian and other Arab peoples and of the world public. The bloody massacre perpetrated by the Israeli authorities can never force Tunisia and other Arab countries to renounce their support for the just struggle of the fraternal Palestinian people. On the contrary, it will only make the Arab world further close their ranks in their common struggle against the enemy.

The utter isolation of Israel and its supporter in the Security Council fully demonstrated that the international community will never allow Israel to run amok or to sabotage peace and security in the Middle East and the Mediterranean region. The Tunisian Government has urgently called on the international community to condemn and take sanctions against Israel for its aggressive actions, and has demanded that Israel compensate for the losses and take measures to prevent the occurence of similar events. Tunisia's stand is completely justifiable and has won wide support internationally. The Chinese people resolutely stand on the side of the Palestinian people and firmly support the just demand of the Tunisian Government and world opinion for severe sanctions against Israel.

XINHUA Scores Israeli Policy

OW052010 Beijing XINHUA in English 1949 GMT 5 Oct 85

["Commentary: 'Greater Israel' Policy Remains in Force by Chen Peimin" -- XINHUA headline]

[Text] Beijing, October 5 (XINHUA) -- The bombing of the Palestine Liberation Organization Headquarters is the latest evidence of the fact that those in power in Israel today are still following the aggressor's logic and policy of the "greater Israel."

The author of the "greater Israel" plan is former Defence Minister Ariel Sharon. This man, who had revolted the conscience of the world with the massacre of hundreds of defenceless Palestinians in the Sabra and Shatila refugee camps, actually pushed, in word and in deed, Israel's so-called line of security deep into its Arab neighbors. According to him, Israel has the "right" to "strike at" the source of "threat" to its security, wherever it lies. Thus, the great "greater Israel" policy led to the bombing of Iraq's nuclear reactor in June, 1981 and the invasion of Lebanon in force in 1982. This time, however, it is not a close or next-door neighbor, but an Arab country some 2,000 miles away that has fallen victim to this gangster's logic and policy.

The motive of the outrage was obviously to undermine the peace process in the Middle East, which has received new impetus from the Arab side. Arab leaders have advanced proposals for a peaceful settlement and Egyptian President Husni Mubarak and King Husayn of Jordan have visited Washington for the purpose. But the Israelis responded with a flat "no" and now even an act of brutality and aggression.

The attitude adopted by the United States Government toward this Israeli act is noteworthy and deplorable. President Ronald Reagan told the press on the day of the atrocity that it was "a justified retaliation against terrorists," while White House spokesman Larry Speakes went further by saying that the Israeli mission was "a legitimate response and an expression of self-defense." With the proofs given by the PLO and the Tunisian authorities of U.S. involvement in the bombing, the official U.S. reaction cannot but be regarded as going beyond one of partiality for the Israeli crime. It is true that the U.S., out of the strategic considerations of its contention with the Soviet Union in the Middle East, has modified its stance in relation to Israel. But it has not budged from its position on the Palestinians.

As PLO leader Yasir 'Arafat has rightly pointed out, the hope for a just settlement of the Mideast problem lies in the unity of the Arab nation. Emboldened by the U.S., the Israeli authorities are taking advantage to the full of the quarrels and conflicts among the Arabs in pursuit of its expansionist policy in the region. The best answer the Arabs can give is to close their ranks and thereby hold the Israeli aggressors in check and press the United States to change heart.

MALAGASY PRESIDENT RATSIRAKA CONCLUDES VISIT, DEPARTS

Cooperation Agreement Signed

LD042300 Beijing XINHUA in English 1532 GMT 4 Oct 85

[Text] Beijing, October 4 (XINHUA) -- An agreement on economic and technological cooperation between China and Madagascar was signed here today.

Chinese President Li Xiannian and Madagascar President Didier Ratsiraka were present for the signing. Signatories were Zheng Tuobin, Chinese minister of foreign economic relations and trade, and Jean Bemananjara, Madagascar foreign minister. Also attending the signing ceremony were Chinese State Councillor and Minister in charge of the State Planning Commission Song Ping and Minister of Commerce Liu Yi.

President Ratsiraka, his wife and their visiting party will leave Beijing for the Korean capital of Pyongyang tomorrow morning, and tonight, President Li and his wife, Lin Jiamei, bid farewell to the guests at the Diaoyutai state guesthouse.

Earlier, Ratsiraka and his wife, accompanied by Liu Yi, toured the Evergreen rural township in Beijing's western suburbs, and Mme. Celine Marthe Ratsiraka nee Velonjara visited the Great Wall and the Ming Tombs near the capital.

Ratsiraka Departs for DPRK

OW051824 Beijing XINHUA in English 0631 GMT 5 Oct 85

[Text] Beijing, October 5 (XINHUA) -- Madagascar President Didier Ratsiraka, Mrs. Ratsiraka and their party left here by air this morning for the Democratic People's Republic of Korea after an official visit to China.

Yesterday evening, President Li Xiannian and his wife Lin Jiamei bid a farewell to the Madagascar president and his wife at the state guest house.

Seeing them off at the airport this morning were Minister of Commerce Liu Yi, Assistant Foreign Minister Zhou Jue and Chinese Ambassador to Madagascar Yang Guirong. Also present were Sin In-ha, ambassador of the DPRK to China, and diplomatic envoys of African countries in China.

XI ZHONGXUN MEETS AZANIAN GOOD-WILL DELEGATION

OW031833 Beijing XINHUA in English 1530 GMT 3 Oct 85

[Text] Beijing, October 3 (XINHUA) -- Xi Zhongxun, member of the Political Bureau of the Chinese Communist Party Central Committee, today reaffirmed that the Chinese Government and people sympathize with and support the South African people in their struggle against the South African authorities' racist rule. Xi said this when he met with a delegation from the Pan-Africanist Congress of Azania led by its president, Johnson Mlanbo, here this afternoon.

The Chinese party leader stressed that the Chinese Communist Party and the Pan-Africanist Congress "trust, support and symathize with each other and have profound friendship."

The meeting was followed by a dinner given by Xi in honor of the African guests, who arrived in Beijing September 23 on a goodwill visit to China.

CPC DELEGATION LEAVES FOR IVORY COAST 6 OCTOBER

OW061556 Beijing XINHUA in English 1524 GMT 6 Oct 85

[Text] Beijing, October 6 (XINHUA) -- A delegation of the Communist Party of China led by Liu Tianfu, member of the CPC Central Advisory Commission, left here tonight for Ivory Coast to attend the eighth national congress of the Democratic Party of Ivory Coast. Later, the delegation will go on to visit Sierra Leone at the invitation of the All People's Congress.

LI PENG BRIEFS CPPCC ON NATIONAL PARTY CONFERENCE

OW050612 Beijing XINHUA Domestic Service in Chinese 1503 GMT 4 Oct 85

[Text] Beijing, 4 Oct (XINHUA) -- The 10th Session of the 6th Standing Committee of the CPPCC National Committee took place at the hall of the CPPCC National Committee today.

Addressing the morning session, which she chaired, Deng Yingchao, chairman of the CPPCC National Committee, said: In addition to studying the guiding principles set forth by the National Conference of Party Delegates and the 4th and 5th Plenary Sessions of the 12th CPC Central Committee as well as the speeches made by several members of the Standing Committee of the Political Bureau of the CPC Central Committee, the meeting will also study the way the three meetings were held. The meeting should give full play to democracy, so that those in attendance will speak freely, reach a common understanding, achieve greater unity, be well aware of the current situation, and contribute their efforts to the great cause of achieving the four modernizations.

Li Peng, member of the Political Bureau and Secretariat of the CPC Central Committee and vice premier of the State Council, briefed the CPPCC National Committee members on the guidelines set forth by the National Conference of Party Delegates and the 4th and 5th Plenary Sessions of the 12th CPC Central Committee. He also briefed them on the members of the partially readjusted leading organs of the Central Committee, on the examination and adoption of the proposal for the Seventh 5-Year Plan, and on certain projects that will soon be carried out.

Li Peng said: Because of the readjustment and by-elections, the central leading organs of the CPC have become even more vigorous and dynamic. This is important for maintaining the continuity of the CPC's Marxist principles and policies, for more effectively leading the party and the nation in carrying out socialist construction and for further consolidating and developing the nation's gratifying political and economic situation. Moreover, the partial reorganization of leading organs of the CPC Central Committee and the examples set by many veteran comrades, in particular, will certainly introduce into the party the new practice that, if need be, cadres are ready to accept a higher post or step down, thus pushing the reform of the cadre system and the training of the cadres to a new level.

Li Peng said: Hu Yaobang, Deng Xiaoping, Zhao Ziyang, Li Xiannian, and Chen Yu, members of the Standing Committee of the Political Bureau of the CPC Central Committee, all made important speeches at the conference. Comrade Deng Xiaoping pointed out: "It is most important for the young and the middle-aged cadres succeeding the old to emulate their heroic spirit of maintaining the revolutionary struggle. It is my hope that through our efforts, the party's fine traditions and work style will be carried forward." This is the earnest hope of and the strict requirement set by a revolutionary of the older generation for all middle-aged and young cadres who have entered the new leading hierarchy. All the middle-aged and young cadres among us must resolutely study and carry forward the heroic spirit of the older-generation revolutionaries, inherit and carry forward the party's fine traditions and work style, unswervingly uphold the four cardinal principles, assiduously study and grasp Marxist theories, be dedicated to serving the people wholeheartedly, and strive to do more practical work, and not to seek personal fame. To pass our party cause and its fine traditions from one generation to another, we middle-aged and young cadres will learn from the veteran comrades in the party as well as from the large numbers of veteran comrades and experts of the democratic parties, and we hope to have their support, assistance, and supervision.

Li Peng then spoke on the objective basis for and special characteristics of the "proposal of the CPC Central Committee for the Seventh 5-Year Plan for national economic and social development." He said: The proposal was formulated under the new situation of reform, opening to the outside world, and enlivening the domestic economy. The new features of its content and form can primarily be observed in the following five aspects: First, according to the proposal, the Seventh 5-Year Plan will be a plan for a sweeping restructuring of the economic system. Second, it will be a plan that will maintain a steady economic growth and the necessary capacity for continual development during the 1990's. Third, it will be a plan for continuing to open the country to the outside world. Fourth, it will be a plan for the continual improvement of the people's living standards and for guiding the nation to achieve common prosperity. Fifth, it will be a plan for promoting the simultaneous building of socialist material and spiritual civilizations.

Li Peng said: In short, the tasks and targets set forth in the proposal for the Seventh 5-Year Plan are encouraging and practical; they allow for unforeseen circumstances, and the plan can be achieved with hard work.

Turning to the current work, Li Peng said: Following the National Conference of Party Delegates, the Secretariat of the CPC Central Committee and the State Council have held separate meetings to discuss the current plans and to study how to carry out the guidelines set forth by the conference. The Secretariat of the CPC Central Committee has decided that attention must now be attached to leading the study of the documents of the National Conference of Party Delegates and the 4th and 5th Plenary Sessions of the 12th CPC Central Committee, publicizing them among the broad masses of people, and educating the masses on the current situation and policies so that the party's principles and policies will become conscious actions of the cadres and the masses. At present and in the period to come, the Secretariat of the CPC Central Committee will concentrate on rectifying the party organizations, improving the work style of party members, intensifying ideological and political work, and promoting socialist ethics, in the hope that conspicuous successes can be achieved in a year or two so that a fundamental change for the better in party style can bring about a fundamental change for the better in the standards of social conduct.

Li Peng said that the State Council held a meeting 26-27 September for leading comrades of all provinces, autonomous regions, and municipalities directly under the central government to analyze the current economic situation and issues, set the controlled figures of the 1986 and 1987 plans, and discuss and study how to continue to control the investment in fixed assets and especially the size of capital construction, so as to gradually eliminate the factors that cause economic instability. The meeting decided that investment in fixed assets and the size of capital construction must be firmly controlled with great determination and effective measures, because doing this is the key for consolidating and developing today's fine economic situation. When this issue has been properly resolved, other issues, such as the excessive increase of consumption funds and excessive commodity price rise can then be resolved by taking some necessary measures, and the excessive industrial growth can be appropriately curtailed.

The meeting of the Standing Committee of the CPPCC National Committee is expected to last 4 days. Attending the meeting were Vice Chairman of the CPPCC National Committee Yang Jingren, Liu Lantao, Lu Dingyi, Cheng Zihua, Kang Keqing, Pagbalha Geleg Namgya, Hu Ziang, Qian Changzhao, Dong Qiwu, Yang Chengwu, Chen Zaidao, Lu Zhengcao, Zhou Peiyuan, Miao Yuntai, Wang Guangying, Fei Xiaotong, Ma Wenrui, Mao Yisheng, and Liu Jingji. Leading members of the CPPCC Committees of various provinces, municipalities directly under the central government, and autonomous regions attended the meeting as observers.

Committee Hears Reports

OW070408 Beijing XINHUA Domestic Service in Chinese 1518 GMT 5 Oct 85

[Text] Beijing, 5 Oct (XINHUA) -- This afternoon a plenary meeting of the 10th session of the Standing Committee of the 6th CPPCC National Committee was held to hear reports by visiting and inspection groups sent by the CPPCC National Committee to various places at home and abroad. The meeting was presided over by Hu Ziang, vice chairman of the CPPCC National Committee.

At the meeting Ma Wenrui, vice chairman of the CPPCC National Committee; Secretary General Peng Youjin; and members of the Standing Committee Liu Ningyi and Wang Kuanchang; develivered reports on visits to the DPRK, the Kingdom of Nepal, and the GDR by three delegations of the CPPCC Committee and a report on a visit-and-inspection tour of Qinhuangdao City made by members of the CPPCC National Committee from the Hong Kong-Macao region.

A written report on visit-and-inspection tours made by CPPCC National Committee members to the Yanan area, Qinghai Province, Jilin Province, Shanxi Province, and Tangshan City was distributed to members at the meeting.

Ma Wenrui said: At the invitation of the Korean Democratic Front for the Reunification of the Fatherland, a CPPCC National Committee delegation headed by Ma Wenrui made a good-will visit to the DPRK between 16 and 28 May 1985. The 11-day good-will visit, which enhanced our ties with, and understanding of, the Korean comrades and enabled us to learn from their good experience and fine style of work, achieved its intended purposes and was a real success. He added: Through various visits and tours, we saw the Korean people's great achievements in building socialism and in the struggle for the independent and peaceful reunification of their fatherland. At meetings and discussions with Korean comrades, we expressed our warm support for the Korean people's great cause of reunifying their fatherland and, at the same time, told them of the great accomplishments China has made in carrying out its four-modernization program since the 3d Plenary Session of the 11th CPC Central Committee as well as the work currently being done to reform the economic structure. This has furthered the understanding and friendship between the Chinese and Korean peoples, made the ties even closer between the two united front work organizations -- the CPPCC of our country and the Fatherland Front of Korea -- and created good prospects for furthering exchange and cooperation in the future.

Through this visit, he said, we have come to understand deeply that the CPPCC of our country, as a united front work organization characterized by broad representation, is capable of playing a significant role in increasing mutual understanding and in establishing and developing friendly and cooperative relations between the Chinese people and the peoples of other countries.

Peng Youjin said: A CPPCC National Committee delegation headed by Pagbalha Geleg Namgya made a good-will visit to the Kingdom of Nepal from 10 to 17 August 1985 as guest of Anirudra Prasad Singh, chairman of the Standing Committee of the Nepalese State Council. The main purpose of this visit was to promote friendly cooperation, enhance understanding, and increase friendship between the two peoples and two organizations of China and Nepal. Both Nepal and China are developing countries and belong to the Third World. They share a common language on many issues. During this visit, the delegation made extensive contacts with various Nepalese departments. The visit, which furthered the ties between the CPPCC National Committee of our country and the State Council of Nepal, will serve to promote further the friendly exchange between the two organizations in the future. The visit achieved complete success and attained its purposes as expected.

Liu Ningyi said: At the invitation of the National Front of the GDR, a nine-member delegation of the CPPCC National Committee headed by Liu Ningyi made a good-will visit to that country from 9 to 19 September 1985. On its tours of various places, the delegation met with responsible persons of the National Front committees at various levels in various units, leaders of party and government organizations concerned, and the masses of workers, peasants, and residents, held discussions with them, and exchanged opinions with them, showing the good friendship between the two peoples and presenting many cordial and touching scenes. This visit enhanced the understanding and increased the friendship between the two peoples and the two organizations. It fulfilled the mission as expected.

Wang Kuangcheng said: Beginning 22 August 1985, a visit and inspection group formed by members of the CPPCC National Committee in the Hong Kong-Macao region, headed by Wang Kuancheng, made an 8-day visit and inspection tour of Qinhuangdao City. Despite the brief period of a year and a half since Qinhuangdao became an open city, it has done a lot of work and achieved initial results in opening to the outside by relying on its previous foundation, including rich natural resources and other favorable conditions. By visiting Qinhuangdao, a window for opening to the outside, our members acquired an impression by themselves about our country's economic policy of opening to the outside world and the reform of the economic structure centered on the urban economy. They are of the opinion that the decision made by the central authorities to open to the outside world and to further open the 14 coastal cities is a wise policy, and that modernization would be impossible if our country were walled off from the rest of the world. Practice over the past 1 year or so in Qinhuangdao City fully indicates that opening to the outside world is one of the key factors contributing to a vigorous economy, and that the results of opening as opposed to remaining closed are quite different. He also said that before the members left Qinhuangdao, they offered some constructive suggestions on the city's development plan.

The meeting was attended by vice chairmen of the CPPCC National Committee Yang Jingren, Pagbalha Geleg Namgya, Qian Changzhao, Yang Chengwu, Chen Zaidao, Lu Zhengcao, Miao Yuntai, Wang Guangying, Mao Yisheng, and Liu Jingji. Responsible persons from the CPPCC committees of various provinces, municipalities, and autonomous regions were present at the meeting as observers.

GUANGMING RIBAO HAILS CLOSING OF CPC CONFERENCE

HK041439 Beijing GUANGMING RIBAO in Chinese 24 Sep 85 p 3

[Editorial: "An Important New Chapter in the History of the Party -- Warmly Greeting the Closing of the National Conference of Party Delegates"]

[Text] The National Conference of Party Delegates, which aroused nationwide and worldwide interest, has successfully closed after completing its historical mission. We warmly greet the successful closing of the conference!

The suggestions on drawing up the Seventh 5-Year Plan are conclusions on China's experience in socialist construction, and in particular, in construction since the 3d Plenary Session of the 11th CPC Central Committee. The suggestions involve stimulating economic structural reform, promoting the sustained, steady, and coordinated development of the national economy, holding firm to the "two civilizations," strengthening ideological and political work, and ensuring the continuous improvement of the livelihood of the Chinese people. We should draw up the Seventh 5-Year Plan according to the suggestions.

We should put reform work above everything else and strive to lay a foundation for a socialist economic structure with Chinese characteristics within 5 years or a little longer. By the last year of the Seventh 5-Year Plan period, that is, in 1990, the gross industrial and agricultural output value and the GNP will increase twofold over 1980. All this will have an important bearing on fulfilling the tasks for endeavor set by the 12th CPC National Congress.

At the National Conference of Party Delegates, some old comrades, bearing in mind the fundamental interests of the party and the people and considering their physical condition, requested to resign. A number of fine cadres in the prime of life moved into the CPC Central Committee, thus further materializing the replacement of old cadres by new cadres in leading organs at the central level. How to abolish life-long tenure in leading posts and to make the average age of leading cadres younger is a new problem for the ruling party of a socialist country. The National Conference of Party Delegates made an important step in solving this problem. This has major practical significance on fulfilling work requirements, promoting cadre system reform, and ensuring the continuity of the party's Marxist policies and principles. It also has far-reaching, historical bearing on the development of Marxist theory.

We should enable cadres to be more revolutionary, younger in average age, better educated, and more professionally competent. These four aspects are related to each other, with ability and political integrity as the basis and being revolutionary as the prerequisite. This is because in taking over from old cadres, the most important thing for middle-aged and young cadres to inherit is their heroic spirit of holding firm to the revolutionary orientation. Comrade Deng Xiaoping pointed out: "In enabling cadres to become younger in average age, better educated, and more professionally competent, it is necessary first to enable them to be more revolutionary. Therefore, adhering to the socialist road is the prerequisite."

A revolutionary cadre has strong party spirit, a correct ideological line, fine political quality, and a good work style. In other words, he has ideals, morality, and a strong sense of discipline. Cadres who have not acquired such qualifications can still be encouraged to display their talents but should not be assigned to important leading posts, even if they are better educated, have certain professional skills, or are good at organizational work. By "ability," we mean the ability to carry out socialist modernization. Apart from acquiring professional knowledge through training, what is more important for a leading cadre is that he should be able to apply his professional knowledge to solving practical problems. If leading cadres do not have the "ability" to carry out socialist modernization and are unwilling to study, it is impossible for them to lead the people in the "four modernizations" drive.

Ability and political integrity should be taken as the basis for making the average age of leading cadres younger. This should be our unswerving principle. Insofar as the entire cadre ranks are concerned, it is necessary to substitute new cadres for old cadres in order to maintain the vitality of the cadre ranks. Insofar as leading cadres at various levels are concerned, it is necessary to form the echelon structure of cadres in order to change the age mix and to solve the problems of aging. It is necessary to get rid of the old habit of promoting cadres according to seniority. In promoting cadres, priority should be given to young cadres who are up to the requirements for the "four transformations" of cadres. In other words, we should base the selection on cadres who are in the prime of life on their ability and political integrity. In short, we should correctly understand and implement the principle of the "four transformations" of cadres.

A good example of selecting cadres under the principle of the "four transformations" of cadres was set at the National Conference of Party Delegates. This example was well received by the entire party, the people throughout the country, and international public opinion. The cooperation between old and new cadres, the substitution of new cadres for old cadres, and the gratifying scene of forging ahead into the future are signs marking the prosperity and maturity of the party and the country. All this will help enhance the morale and confidence of the people in carrying out reforms, going in for the "four modernizations" drive, and ushering in a bright future.

XI ZHONGXUN ADDRESSES DEMOCRATIC PARTIES MEETING

OW041111 Beijing XINHUA Domestic Service in Chinese 0803 GMT 2 Oct 85

[Speech by Xi Zhongxun at a meeting sponsored by various democratic parties and the All-China Federation of Industry and Commerce to commend representatives of advanced collectives and individuals serving the four modernizations, on 2 October 1985]

[Text] Beijing, 2 Oct (XINHUA) -- Comrades and friends: The meeting sponsored by various democratic parties and the All-China Federation of Industry and Commerce to commend representatives of advanced collectives and individuals serving the four modernizations has ceremoniously opened today. This is the first grand meeting jointly sponsored by various democratic parties and the All-China Federation of Industry and Commerce since the founding of the PRC. This is a meeting to review the achievements made by various democratic parties and the All-China Federation of Industry and Commerce in serving the four modernizations since our country entered a new period, a meeting held to further mobilize all people to work together for a splendid future. This is a new, as well as an important, event on our country's patriotic united front. On behalf of the CPC Central Committee and the State Council, I wish to extend congratulations to the grand meeting.

The comrades attending this meeting represent advanced collectives and individuals of various democratic parties and the All-China Federation of Industry and Commerce in various parts of the country. Working hard with all your hearts and all your might at your respective posts, you comrades have made valuable contributions to the prosperity of the country and the people. You are models of the various democratic parties and the All-China Federation of Industry and Commerce as well as of all fronts. You have rendered meritorious service to the country, and you deserve respect from society as a whole. I wish to pay my high respect to you and, through you, extend my cordial regards to the comrades and friends of all democratic parties and the All-China Federation of Industry and Commerce.

In recent years, the democratic parties and the All-China Federation of Industry and Commerce have shifted the focus of their work to serving the four modernizations. Making full use of their favorable conditions, they have opened up new fields in serving the four modernizations. The democratic parties and the All-China Federation of Industry and Commerce have vigorously helped their members do their work well and contribute their knowledge and talents to the development of science, culture, education, and economic construction. They have actively organized their members to delve into reality, to investigate and study major questions in the development of culture and education, and to make suggestions on such questions. Gearing themselves to the needs of society, they have offered economic, scientific and technological, and medical consulting services, run spare-time schools, and supported construction in border areas inhabited by minority nationalities; and have assisted the country in importing capital, technology, and talent through their wide contacts with compatriots in Taiwan, Hong Kong, and Macao, and with Overseas Chinese. They have made remarkable achievements in all such work and have received the attention and support of people in all circles.

Among the members of the democratic parties and the All-China Federation of Industry and Commerce are a large number of talented people, many of whom are key personnel on various fronts or play a leading role in science. Some of them have made important inventions and creations. More praiseworthy is that you comrades have displayed a strong patriotic zeal in work and an indomitable spirit of devotion to revitalizing China. This is an important motive force in promoting the continuous development of socialist construction in our country.

Comrades and friends, the CPC recently convened a National Conference of Party Delegates and the fourth and fifth plenary sessions of its Central Committee. The conference and sessions discussed and adopted a proposal for the formulation of the Seventh 5-Year Plan; they put forward the guidelines for social development and economic work and the principles for work in all other fields; and they partially readjusted the composition of central leading organs and elected new members to them. The National Conference of Party Delegates laid a solid foundation for economic development and a long period of order and stability in our country and provided a reliable guarantee for the continuity of the party's line, principles, and policies and for the stability of its collective leadership. For some time to come, our task is to organize people to carry out reforms, build grand construction projects, and turn plans and blueprints into reality during the Seventh 5-Year Plan period.

We hope that the various democratic parties and the All-China Federation of Industry and Commerce will uphold the four basic principles and actively make suggestions and criticisms concerning the work in all fields as the party's upright friends so as to achieve the common goal of the four modernizations; we support them in doing this. We also hope that the various democratic parites and the All-China Federation of Industry and Commerce will go ahead boldly with their work and will continue to open up a new situation, exert themselves for the four modernizations, and make more contributions to reforming the economic structure, the science and technology management system, and the educational system and to building a socialist spiritual civilization; we support their efforts in this respect. In addition, we hope that the various democratic parties and the All-China Federation of Industry and Commerce will make full use of their respective favorable conditions, maintain a world view, make friends and forge ties with the vast numbers of patriots and intellectuals who live abroad so as to unite more people to contribute to the four modernizations and the reunification of the motherland. It is also hoped that while actively carrying out their various activities, they will pay attention to strengthening their own ideological and organizational work so as to meet the requirements of long-term coexistence and the needs of their work.

The party committees and departments concerned at all levels should look to the various democratic parties and the All-China Federation of Industry and Commerce as major reliable forces in carrying out the four modernizations. Politically, they and the comrades of the democratic parties and the All-China Federation of Industry and Commerce should be concerned about and trust each other and really behave in such a way as to "treat each other with all sincerity and share weal and woe." Full support should be given to the various democratic parties and the All-China Federation of Industry and Commerce in carrying out their work and activities independently. It is necessary to actively provide conditions and render assistance so that the comrades of these organizations will be able to "know what is going on and make contributions accordingly." These comrades should be made aware of the relevant principles and policies as well as the situation of work in a timely manner, and serious efforts should be made to solve the problems and difficulties they encounter in doing their work.

Comrades and friends, at the National Conference of Party Delegates, Comrades Hu Yaobang, Deng Xiaoping, Zhao Ziyang, Li Xiannian, and Chen Yun all made important speeches, giving comprehensive and intensive elaborations on a number of major questions faced by the party concerning principles and policies and pointing out the direction for us to advance continually in carrying out reforms, achieving economic prosperity, strengthening the building of spiritual civilization, and rectifying the party's ideology and style of work. With particular emphasis, Comrade Deng Xiaoping put forward the important slogan of strengthening the study of Marxist theory. He urged us to grasp basic Marxist theory and to raise our ability to actively probe and solve new fundamental questions by applying basic Marxist principles and methods. At present, the comrades of our party and of the various democratic parties and the All-China Federation of Industry and Commerce and the comrades on all fronts are organized to study the guidelines of the documents of the National Conference of Party Delegates and the speeches of the central leading comrades at that conference and are carrying out the guidelines in doing their work.

Comrades and friends, over the past few years, the political and economic situation in our country has been excellent, and gratifying results have been achieved in carrying out the four modernizations and in making reforms in various fields. Now the work before us is even greater and more splendid and arduous. Our party wishes to work together with the comrades of the various democratic parties and the All-China Federation of Industry and Commerce, persist in making reforms, strive hard to advance, and continue to build socialist material and spiritual civilization. Through this commendation meeting, I believe, the various democratic parties and the All-China Federation of Industry and Commerce will further stimulate their members' socialist initiative to make even firmer strides in carrying out the four modernizations and to make new important contributions to the great cause of reunifying the motherland and rejuvenating China. Finally, I wish our comrades and friends the best of health! I wish this meeting real success!

Separate Tea Parties Held

OW062107 Beijing XINHUA Domestic Service in Chinese 1454 GMT 4 Oct 85

[Excerpts] Beijing, 4 Oct (XINHUA) -- The central committees of eight democratic parties -- the Kuomintang Revolutionary Committee, the China Democratic League, the China Democratic National Construction Association, the China Association for Promoting Democracy, the Chinese Peasants and Workers Democratic Party, the China Zhi Gong Dang, the Jui San Society, and the Taiwan Democratic Self-Government League -- and the All-China Federation of Industry and Commerce separately held tea parties for their members who are attending the meeting on commending the representatives of advanced collectives and advanced individuals of democratic parties and the Federation of Industry and Commerce in serving the four modernizations. During the tea parties, the participants discussed how to make the members of their organizations play a greater role in serving the modernization of the motherland.

The responsible persons of the central committees of various democratic parties and the All-China Federation of Industry and Commerce took part in the discussion. They included Qu Wu, Zhu Xuefan, Qian Changzhao, Zheng Dongguo, Jia Yibin, Hou Jingru, Peng Qingyuan, Li Ganliu, Fei Xiaotong, Qian Weichang, Gao Tian, Ye Duyi, Tao Dayong, Sun Qimeng, Sun Xiaocun, Pu Jiexiu, Tang Yuanbing, Chen Suiheng, Huang Daneng, Lei Jieqiong, Chen Shunli, Ge Zhicheng, Zhou Gucheng, Fang Rongxin, Wu Juetian, Xu Zhimeng, Lu Rongshu, Dong Yinchu, Zheng Shouyi, Zhou Peiyuan, Mao Yisheng, Yan Jici, Jin Shanbao, Sun Chengpei, Hao Yichun, Su Ziheng, Li Chunqing, Tian Fuda, Lin Shengzhong, Hu Ziang, Liu Jingji, Gu Gengyu, and Huang Liangchen.

Responsible persons of the United Front Work Department of the CPC Central Committee attended the discussions and called on the representatives from various localities.

The All-China Women's Federation also held a discussion meeting this afternoon to extend warm welcome to the women representatives who are attending the commendation meeting. Kang Keqing, president of the All-China Women's Federation, attended the discussion meeting.

ZHI GONG DANG ANNIVERSARY MARKED IN BEIJING

Participants Meet

OW052221 Beijing XINHUA Domestic Service in Chinese 1137 GMT 5 Oct 85

[By reporter Zou Aiguo]

[Excerpt] Beijing, 5 Oct (XINHUA) -- A meeting in commemoration of the 60th anniversary of the China Zhi Gong Dang was held in the Great Hall of the People this morning. Some 500 persons from various circles of Beijing attended the meeting.

Before the meeting, Deng Yingchao, Xi Zhongxun, Qiao Shi, Liu Lantao, Zhou Gucheng, Ye Fei, Yang Jingren, and Chairman of the China Zhi Gong Dang Central Committee Huang Dingchen met with some of the participants -- some Overseas Chinese leaders from the United States, Canada, Australia, Jamaica, and the Philippines; some patriots of the Hongmen Society; and some Hong Kong personalities.

Commemoration Meeting Opens

OW051320 Beijing XINHUA in English 1251 GMT 5 Oct 85

[Text] Beijing, October 5 (XINHUA) -- A meeting in commemoration of the 60th anniversary of a democratic party composed of returned Overseas Chinese was held here today in the Great Hall of the People. Among the 500 participants were over 30 guests from Overseas Chinese organizations in the United States, Canada, Australia, Jamaica, the Philippines and Peru, as well as from Hong Kong and Macao.

The China Zhi Gong Dang (Party for Public Interest), one of China's eight democratic parties, was founded in October, 1925 in San Francisco by the Overseas Chinese organization Zhi Gong Tang, which had supported Dr. Sun Yat-sen in the 1911 revolution which overthrew the Qing Dynasty.

Before the founding of New China in 1949, the Zhi Gong Dang recruited members mainly from patriotic Overseas Chinese in America and Southeast Asia. They also gave strong support to the Chinese revolution and the national liberation.

Since the democratic party moved its organization home after the founding of New China, it has played an positive role in the process of establishing the people's political power, in socialist revolution and construction, and in the struggle against the enemy at home and abroad.

Huang Dingchen, chairman of the democratic party Central Committee, made a speech at the meeting reviewing the party's history of 60 years. He said the patriotic spirit has been inspiring the party members to strive for the independence and prosperity of their motherland, both in the past and today, at home and abroad.

Huang said the democratic party will continue to give full play to its patriotism. In close cooperation with the Chinese Communist Party, it will unite Overseas Chinese, and Hong Kong and Macao compatriots whom it has contacts with in their common struggle for the four modernizations and the reunification of their motherland and in their common struggle against hegemonism and for world peace.

Xi Zhongxun gave his warm congratulations on behalf of the Communist Party Central Committee. The democratic party, he said, is a close and tested friend of the Communist Party.

In the past few years, the democratic party has mobilized its members to serve the four modernizations, including making contacts with overseas relatives, receiving overseas compatriot visitors and helping the government invite foreign investment and promote foreign trade, Xi said.

He hoped the democratic party would further develop its ties with Overseas Chinese and compatriots in Taiwan, Hong Kong and Macao, while continuing to offer its efforts to home construction.

Also speaking at the meeting were Donald Chin, former president of the Chinese Freemasons U.S.A. headquarters, Howard G. Jang, president of the Chinese Freemasons Canada headquarters, and Chong Kam Sang, deputy leader of the Philippines Chinese Grandmasons Association delegation.

Before the meeting, Deng Yingchao, chairwoman of the national committee of the Chinese People's Political Consultative Conference, met with the guests from foreign countries and encouraged them to make still greater contributions to China's modernization and reunification.

Xi Zhongxun Speech

OW061415 Beijing XINHUA Domestic Service in Chinese 1155 GMT 5 Oct 85

[Speech by Xi Zhongxun at 5 October meeting in commemoration of the 60th anniversary of the founding of the Zhi Gong Dang]

[Text] Beijing, 5 Oct (XINHUA) -- Comrades, friends: It is of temendous significance that the Zhi Gong Dang holds a grand meeting in the capital today in commemoration of the 60th anniversary of its founding. The China Zhi Gong Dang is a democratic party mainly comprised of returned Overseas Chinese and their families. With its glorious tradition of patriotism, and of cooperating and working together with the CPC over a long period of time, it has made important contributions to revolution and construction in China. Entrusted by the CPC Central Committee, I extend to comrades of the Zhi Gong Dang the warmest congratulations and highest respect!

Among the guests invited to attend this meeting today are patriotic Overseas Chinese leaders from the United States, Canada, Australia, Jamaica, and the Philippines; patriotic members of the Hongmen Society; and related leaders from Hong Kong and Macao. Here I extend to you a warm welcome, and through you, cordial regards to our friends overseas and in Hong Kong and Macao!

The Zhi Gong Dang has a relatively long history. In the early period, it was active mainly in the Hong Kong and Macao area; in the course of the new democratic revolution, it marched forward step by step, generally speaking. Many patriotic members of the Zhi Gong Dang rendered support and made contributions to the cause of revolution and the struggle for the motherland's national liberation.

Particularly at the crucial period of national crisis and deep nationwide suffering and distress after the "September 18" incident when the Japanese imperialists stepped up their aggression against China, patriotic members of the Zhi Gong Dang joined compatriots overseas in actively supporting the motherland's war of resistance against Japan. Mr Shitu Meitang, one of the founders of the Zhi Gong Dang, went all around in the Americas to appeal for support for the struggle against Japan and for national salvation, and to collect donations for the motherland's war of resistance. He was the outstanding representative of patriotic Zhi Gong Dang members. Many others, sharing the bitter hatred of the enemy with the motherland's people, donated money or efforts, whichever they could afford, fully displaying the utmost patriotism of Overseas Chinese compatriots. The patriotic spirit and righteous activities in support of the motherland displayed by Zhi Gong Dang members and Overseas, Chinese compatriots in general have marked China's modern history with brilliant colors of glory and deeply impressed the people of the whole country.

At the important historical juncture when the Kuomintang authorities launched the civil war and imposed a dictatorship after the victory in the war of resistance against Japan, Chen Qiyou, Huan Dingchen, Wu Juetian, and Chen Yansheng, under the CPC's influence, proposed to convene the third congress of the Zhi Gond Dang, advocated reconvening a political consultative conference of all parties, and proposed the new political declaration of "struggle through to the end for the genuine democratization of politics in China." From then, the Zhi Gong Dang took the course of cooperation and joint efforts with the CPC. In 1948, the Zhi Gong Dang responded to the CPC's call for convening a new political consultative conference and forming a coalition government, thereby making its contributions to the victory of the new democratic revolution and the founding of New China.

After the founding of New China, the Zhi Gong Dang shifted its main tasks to the homeland and played a positive role in the establishment of the people's regime, the struggle against foes at home and abroad, the socialist transformation, and socialist construction. Since 1978, as our country entered a new historical period, the Zhi Gong Dang, following the political line of serving socialism, shifted its main tasks to serving socialist modernization. It has taken an active part in consultations and decisions on major problems in political life, assisted the party and the government in implementing the policy on Overseas Chinese, and, together with the party and other democratic parties, made new contributions to solidifying and expanding the patriotic united front. In the past few years, the Zhi Gong Dang has done a great deal of work in mobilizing its members to work for the four modernizations; urging its members and returned Overseas Chinese and their families to get into close contact with their relatives and friends abroad, receiving compatriots returning from abroad for visiting relatives and tours; assisting the government in absorbing foreign capital, technology, and qualified personnel, and promoting foreign trade.

History testifies that the Zhi Gong Dang is our party's close comrade-in-arms, having cooperated and gone through thick and thin with our party for a long time. Our party is immensely delighted to have such a friendly party, which cherishes the same ideals and has the same goal. Our party not only needed to strengthen cooperation with democratic parties for the purpose of overthrowing the domination of imperialism, feudalism, and bureaucratic capitalism in China during the revolutionary war years; now in the period of construction after winning the victory of revolution and seizure of political power, it needs to strengthen cooperation with all democratic parties and patriotic democratic people all the same for the purpose of building a prosperous, strong, and modernized socialist country. An important feature and strong point in China's political system, and also an important political characteristic in building socialism with Chinese traits, is cooperation among all parties under the CPC's leadership.

The party will continue to implement the policy of "long-term coexistence and mutual supervision" and "loyal-heartedness and utter devotion," strengthen the cooperation with all democratic parties, and fully support all democratic parties in conducting their activities and work independently, in order that the socialist modernization drive will progress smoothly.

Recently, the CPC successfully convened the National Conference of Party Delegates and the 4th and 5th Plenary Sessions of the 12th CPC Central Committee, discussed and approved the proposal for formulating the Seventh 5-Year Plan, and partially readjusted and elected additional members of the party's central leading organs. These last two major tasks have direct bearing on the great cause of the four modernizations and are the strong guarantee for the continuity of our party's line, principles, and policy, for the stability of the party's collective leadership, and for the sustained, stable, and harmonious development of the national economy. These meetings also emphasized the importance of increased efforts to build socialist spiritual civilization and of increased study of Marxist theories. These meetings called on the CPC, all democratic parties, and the people of all nationalities throughout the country to work together for a splendid future. The task facing us is glorious and arduous. It is hoped that comrades of the Zhi Gong Dang will continue to carry forward their revolutionary spirit of being devoted to the motherland, work hard for the motherland's rejuvenation, enthusiastically engage in reforms, dedicate all their wisdom and talents to the socialist modernization, and once more make contributions to the motherland's prosperity and the people's well-to-do life and happiness!

The Zhi Gong Dang has long-standing historical ties with Overseas Chinese compatriots and the Hongmen Society. Its members have profound kinsfolk ties of friendship with their relatives and friends abroad. For many years, comrades of the Zhi Gong Dang and the returned Overseas Chinese, families of Overseas Chinese, and the vast number of Overseas Chinese compatriots, including members of the Hongmen Society, with whom comrades of the Zhi Gong Dang have established contacts, all have made positive contributions toward the motherland's revolution and construction and the sacred cause of its peaceful reunification. The motherland thanks you; the people thank you.

Our party and government have always attached importance to uniting Overseas Chinese, protecting their legitimate rights and interests, and doing a good job in making arrangements for returned Overseas Chinese and their families. We have also always made it an important task of the party and government to ever improve the work related to Overseas Chinese affairs. However, during the 10-year chaotic period, the work in Overseas Chinese affairs was seriously disrupted, and therefore, the Overseas Chinese compatriots' patriotic ardor and enthusiasm for socialism of returned Overseas Chinese and families of Overseas Chinese was dampened. In recent years, our party undertook bringing order out of chaos and correcting "left" mistakes and has returned the Overseas Chinese affairs work to normal. In the new historical period, we must do the Overseas Chinese affairs work well in an all-round way, make great efforts to expand the patriotic united front, unite with the vast numbers of Overseas Chinese, their families, as well as returned Overseas Chinese, and encourage and develop their passion for the motherland and their native places.

The Zhi Gong Dang has very good conditions for broadly establishing contacts with Overseas Chinese and people of the Hongmen Society and for developing the patriotic united front. We hope that Zhi Gong Dang, in addition to doing its work well at home, will continue to establish contacts with Overseas Chinese, people of the Hongmen Society, and compatriots in Taiwan, Hong Kong, and Macao so as to make new contributions toward the great historical cause of China's rejuvenation and the motherland's reunification.

JINGJI RIBAO COMMENTATOR ON IMPROVING PRODUCTION

HK030945 Beijing JINGJI RIBAO in Chinese 26 Sep 85 p 3

[Commentator's article: "Give Prominence to Improving Quality and Economic Results"]

[Text] In his "explanations on the suggestions on drawing up the Seventh 5-Year Plan," Comrade Zhao Ziyang pointed out: There are two focal points in production and construction during the Seventh 5-Year Plan period. To energetically improve the economic results of enterprises and to actively enhance the ability to earn foreign exchange. Comrade Zhao Ziyang added: "The fatal weakness of China's economy is that the quality of products is poor and material consumption is high. This is where great improvement must be made." In other words, we should resolutely improve the quality of products and economic results. This is a task of primary importance to all enterprises.

Giving prominence to improving the quality of products and economic results and correctly handling the relationships, between quality and quantity, and between economic results and the rate of production, are principles set forth in the suggestions on drawing up the Seventh 5-Year Plan. These principles must be observed. Quality is the basis of economic results. The key point of enterprise management is quality management. If the quality of some products is poor, these products cannot be sold and will pile up in the warehouses. In such cases, they cannot be turned into social wealth, still less can they produce economic results. The more products with bad quality are produced, the more serious will the waste of social labor be. Leaders and employees of every enterprise should foster the mentality of quality first, make full use of various resources, and produce more wealth with less investment so as to meet the people's needs and expand exports.

The crux of improving quality is the word "strict." It is necessary to establish a strict standard measurement system, a quota system, a technological process system, and an information system; to carry out a quality responsibility system embracing purchasing raw materials, designing, trial-manufacturing, producing, assembling, and marketing products, as well as providing services for the products sold; to adopt a serious attitude toward labor; to exercise labor discipline and the system of reward and punishment; and to perfect the quality supervisory system. In short, to guarantee and constantly improve the quality of products, it is necessary to be "strict."

While improving the quality of products, we should do our best to reduce material consumption. The ratio between inanimate and animate labor in industrial production is an important factor for measuring the managerial and technological levels of enterprises. The ratio between inanimate and animate labor in developed countries is generally 50:50 or 40:60, but in China the ratio is 85:15. On condition that the quality of products is guaranteed and if material consumption is reduced by 10 percent, our annual income will increase by 30 billion yuan.

Improving the quality of products and reducing material consumption are two important links in achieving better economic results.

Apart from giving prominence to quality control and reducing material consumption, enterprises should do a good job in the following two aspects: First is the thorough settlement of the problem of being lax in discipline and work, and second is paying close attention to technological progress.

Some enterprises have more hands than needed, are lax in discipline, ignore rules and regulations, and do not punish those who commit mistakes. Leaders of these enterprises abide by the old administrative measures, have a poor understanding of the market, investment, production, competition, intellectual exploitation, and lack enterprising spirit. If this is not changed, improving economic results will remain but empty talk. "Without modern management, there can be no modernization." Leaders of enterprises must understand this theory. The improvement of quality is directly linked with technical reform. We should introduce advanced technology and equipment in order to lay a solid material foundation for improving quality and economic results.

Improving quality, reducing material consumption, and paying attention to management are important to improving economic results and should be taken as important factors for testing leaders of enterprises. Only by doing a good job in this connection, can we tap the potential of enterprises, successfully carry out the Seventh 5-Year Plan, and lay a solid foundation for the sustained, steady, and coordinated development of the national economy.

STRICT CONTROL OF EXTRA-BUDGETARY INVESTMENTS URGED

HK040929 Beijing JINGJI RIBAO in Chinese 28 Sep 85 p 1

[Commentator's article: "Extra-Budgetary Investments Must Be Strictly Controlled"]

[Text] Controlling our investments in fixed assets, in particular, the scale of our investment in capital construction is a critical issue related to the all-round situation of our economy and vital to the smooth realization of the Seventh 5-Year Plan. The National Conference of Party Delegates made the following estimate of the current situation: The task of fighting for a radical turn for the better in our country's financial and economic situation has already been roughly fulfilled. The key to the question of whether we will be able to maintain this fine situation for a long time lies in whether or not we can resolutely control the scale of our investment in fixed assets, in particular, in our capital construction.

Since last year, our country's investment in fixed assets, in particular, in capital construction, has risen too drastically. A very important reason for this is our failure to strictly control our extra-budgetary funds. According to our statistics, from January to July this year, state budgeted investments rose by just 1.3 billion yuan or 8.8 percent over the same period last year, but the extra-budgetary investments rose by 10.9 billion yuan or 39 percent, a much higher rate. This situation ought to rouse the attention of the relevant leading departments. In order to effectively control the scale of our investment in capital construction, we must strictly intensify our control over extra-budgetary investments.

At present, there is a serious draining of the state's budgeted funds. Some areas and units are adopting the methods of overstating their costs, understating their profits, raising without authorization the percentage of their retained profits and of the products to be sold by themselves, and evading taxes in order to raise funds for their extra-plan investments. According to our investigation, in the first quarter of this year, contracts for supplying to the state 15 of the 17 kinds of materials under centralized distribution were not fulfilled because the producers increased the percentage of these goods sold by themselves in order to sell them at negotiated prices and thus increase their income.

This malpractice steals financial revenues from the state and is very wrong. On the one hand, it gives rise to a shortage of funds, equipment, and materials for state construction and affects the progress and quality of the key projects. On the other hand, it causes the daily expanding scale of investments to grow out of control and thus hinder the fulfillment of the overall arrangement of the state plans. All areas must attach importance to this problem and take earnest measures to solve it.

Self-raised funds are an important source for extra-budgetary investments. In investing these funds in fixed assets, they must be deposited in the construction bank 6 months in advance in strict accordance with the regulations and they can only be used after due approval. The branches of the construction bank in various areas have the duty to conscientiously coordinate with the financial, taxation, and auditing departments in carrying out a strict examination about the rationality and legality of self-raised funds of our departments, enterprises, and other units and in making a clear investigation into the sources of these funds. They must never allow these units to steal the state's revenues by foul means and spend what they have stolen as their self-raised funds. As for loans that are spent for purposes in violation of the regulations and overdue loans, we should adopt necessary administrative and economic means to stop providing the loans and promptly collect the loans in order to facilitate controlling the scale of investment, quickening the turnover of funds, and raising the economic results of the employment of funds.

GUANGMING RIBAO ON NEED TO TIGHTEN CREDIT CONTROL

HK060207 Beijing GUANGMING RIBAO in Chinese 21 Sep 85 p 3

[Article by Ren Junyin: "An Overall Point of View and the Tightening of Credit"]

[Text] Recently there have been many comments and views on banking work from various quarters. Representative of them is an article by Comrade Wang Zhuo titled "'Damming' Is Not a Good Method for Tightening the Money Market" (Please refer to the 31 August 1985 edition of GUANGMING RIBAO). The issues raised in this article are important, but some of its views are open to discussion.

Is It Necessary To Adopt the Method of 'Damming' To Tighten the Money Market?

In light of the actual conditions last year, the method of "damming" has been adopted this year, credit out of control and an excessive amount of currency was issued. In particular, 45 percent of the additional credit issued to circulate capital was concentrated in December and 35 percent of the additional currency issued was also concentrated in December. Obviously, some of the credit was not needed from an economic point of view. Earlier this year, after an all-round inspection of the credit extended, it was discovered that a considerable amount of the credit was extended for no purpose. For this reason, the People's Bank instructed its branches in various provinces and municipalities to withdraw the inflated credit within this year. This step was entirely necessary and the reason was self-evident.

The second method of "damming" was to "bring credit under strict control." Comrade Wang Zhuo was also opposed to this method. We think his views were not thoroughly considered. By the end of June, the amount of currency on the market had increased by more than 50 percent over the corresponding period of last year, registering the most rapid growth of the corresponding periods of recent years.

We have not only failed to withdraw the inflated credit extended last year, but have extended more credit since the beginning of this year. Compared with the corresponding period of last year, during which credit was reduced by 11 billion yuan, the scope of credit continues to grow. Taking into account the current price and wage reforms, the prospects for bringing the scope of credit and the currency issued under control are encouraging. Therefore, there should be no vacillation whatsoever concerning the guidance on bringing credit under strict control. Naturally, the tightening of credit controls should be carried out in the course of enlivening finance. However, we should pay attention to the following points: 1) Enlivening finance should be kept within the credit scope defined by the state and we should not expect the state to increase credit beyond its capability; 2) judging from the capital shortage in various localities, the so-called "reasonable" credit that should be guaranteed frequently takes the form of disputes between reasonable and unreasonable credit and between long-term and short-term credit.

If the method of "imposing unanimity on everything" is not applied, the contradiction between capital supply and demand as reflected in the relationship between the part and the whole will be extremely acute and, therefore, while credit strives to achieve independence, we should not abolish the current practice of keeping credit within a certain scope; 3) in an effort to avoid the method of "imposing unanimity on everything," the State Council has approved the practice of extending credit at a high interest rate. The purpose of this practice is to use the high interest rate to test the enterprises and to eliminate the bad ones, thus ensuring the reasonableness of the credit. Therefore, in terms of policy, bringing credit under strict control does not restrict the development of those enterprises with good economic results. We should not deny the necessity of bringing credit under strict control on the grounds of capital shortage.

What Are the Principal Reasons for a Capital Shortage?

Last year the expansion of investment and consumption resulted in credit getting out of control. This year the funds are no longer freely supplied. Since the expansion of investment and consumption has not been effectively brought under control, the funds are naturally in a strained situation. In the first half of this year, the investment in capital construction increased by more than 40 percent over the corresponding period of last year. Of this, the extrabudgeted investment increased by more than 100 percent. Cash payment of wages also increased by some 30 percent over the corresponding period of last year. Of this, bonuses increased by more than 70 percent. Obviously, the expansion of investment and consumption finds concentrated expression in the extrabudgeted funds getting out of control. There are now more than 10 categories of investment not included in the statistics. For example, some localities directly use credit to develop their own projects, and many enterprises expand consumption and their own investment projects by squeezing out or using the production funds and then expand credit to sustain production. As a result, although the budgeted investment has been brought under control, the investment projects independently undertaken by the localities and enterprises have gone out of control. Excessive demand for funds has enabled industry to attain a growth rate of more than 20 percent in the first half of this year.

Viewed as a whole, the objective of tightening the money market has not been achieved. There is a serious shortage of funds in various localities. If we inspect our banking work, we shall discover that this is not because the method of "damming" has been applied too strictly, but because it has not been carried through to the end or has not been applied to such an extent as to curb excessive demand.

Naturally, a reason for this is that after strict macroeconomic control has been imposed, the banks are still not good at solving the capital shortage problems by regulating the structure and flow of funds and tapping the potential of funds. However, the fundamental problem lies in overextended development projects, contention for higher growth rates, and excessive demand for funds. The socalled capital shortage is essentially nothing but a reflection of the contradiction between competition for higher growth rates by various localities and the stepping up of macroeconomic control by the central authorities in relation to capital supply and demand. If the demand cannot be brought under control, it will be impossible to stabilize the market.

Invigorate the Regulatory Functions of Finance and of the Central Bank

Some of the measures proposed by Comrade Wang Zhuo, such as pressing for the payment of outstanding loans and enforcing regulation by such economic means as interest rates and reserve funds are rational. However, some of his views are open to discussion.

First, he holds that state-owned and collective enterprises and individual households may engage in the credit business. This is impermissible under the state monetary policy, which takes into consideration the safety of deposits and the favorable conditions for exercising macroeconomic control. Moreover, we do not have the necessary economic conditions at present. Even viewed from the idea of relaxing the money market, enterprise and individuals should not engage in the credit business because the socialist money market has its own special features.

Second, the view that the People's Bank should satisfy the demand for rather than placing restrictions on, cash payment where there is a source of income, is not a sound one. This is because the inflated portion of the loans has not been withdrawn. With the expansion of credit still in existence, unwarranted credit may also be turned into enterprise deposits and transformed into a source of finance. Before the current expansion of investment and consumption is reduced, unconditionally satisfying the demand for cash payment will make the chaotic situtation even worse.

Third, on the methods of bringing inflation under control, Comrade Wang Zhuo holds that the market instability has been caused by overdistribution of the national income and that the pursuit of high speed has disrupted the balance of distribution, resulting in the formulation of a plan of overdistribution. For this reason, he said, in controlling inflation, it is necessary to adopt some fundamental measures to stop overdistribution of the national income. What should we do to stop overdistribution? The facts of the past 2 years are: The growth rate set in the plan is not high but the plan has been overfulfilled by 100 percent and even more; the budgeted investment has been brought under control but the extrabudgeted investment has gone out of control; and the financial deficit has been controlled to some extent but overdistribution still exists. These phenomena show that in the course of invigorating the economy, the funds at the disposal of localities, departments, enterprises, and individuals have increased with the extention of enterprise power, but we have not provided them with effective guidance; that raising funds from the society has grown in scope but management over fund-raising has not keep pace with the situation, and that commercial credit among enterprises, such as selling on credit and making advance payments, has developed rapidly but the banks have not been involved in this work satisfactorily. These are the phenomena that have emerged in the transition from a product economy to a commodity economy and from material management to value management. They show that in the transformation of economic patterns, we still lack a perfect means of macroeconomic control and that, on how to use financial means to properly regulate money supply in particular, we still lack a complete experience.

Although the state has chosen the credit level to spearhead the attack since the beginning of this year and has achieved some success in exercising macroeconomic control, the shortcomings of the banks with regard to their structure and work have also come to light, which shows that they still fail to adapt themselves to the need of macroeconomic regulation and structural reform. In order to solve these problems, we can only make further efforts to reform and perfect the financial structure and not follow the beaten track.

Therefore, in controlling excessive demand and inflation, we should chiefly rely on the Central Bank to keep the granting of credit and the issuance of currency under control. This is not a "theory advocating the omnipotence of the Central Bank" but a unique function delegated to the Central Bank under the commodity economy, as is the case at home and abroad. Under the outdated structure, the planned balance was regard as the "fundamental" and the financial regulation was regarded as the "incidental." Evidently, we are all confronted with the question of restudying banking and utilizing the bank in the new situation.

CAMPAIGN STARTED TO BAN GAMBLING ACTIVITIES

HK041305 Beijing ZHONGGUO XINWEN SHE in Chinese 0304 GMT 4 Oct 85

[Text] Beijing, 4 October (ZHONGGUO XINWEN SHE) -- China is now starting a campaign to ban gambling activities in urban and rural areas. According to an official of the Ministry of Public Security, gambling activities in the hinterland are more active this year than last year.

In August of this year, the Supreme People's Court, the Supreme People's Procuratorate, and the Ministry of Public Security jointly issued the "notice on strictly banning gambling activities." According to the notice, those who call on people to gamble or those key professional gamblers must be severely punished according to the law and must be dealt with publicly. The ordinary people involved in gambling should mainly be educated while being punished. The public security bureau of Shanghai City has tried to get together those people who have been repeatedly involved in gambling and then carry out education on the legal system among them. Many of the gamblers have handed in written statements of repentance, exposed their confederates, and handed over gambling paraphernalia and gambling funds. Guangxi has also adopted the same measures and achieved remarkable successes.

Most of the people involved in gambling are peasants and a few are workers. For example, gambling cases exposed in the rural areas of Taiyuan City, Shanxi Province, show that in recent years, the peasants have more time at their disposal, so they can gamble not only during the slack season, but also during other seasons. The lack of a cultural life in the rural areas is another important factor in the increase in gambling activities. Also, we must pay attention to the increase in gambling activities in the cities.

The official of the Ministry of Public Security also said that, although gambling activities have increased greatly this year, comparatively speaking, in a country like China, which has a population of a billion, very few people are involved in gambling. The number of gambling cases exposed is much lower than that in other countries.

ANHUI'S HUANG HUANG MEETS YUNNAN PLA HEROES

OW051035 Hefei ANHUI RIBAO in Chinese 23 Aug 85 p 1

[Excerpts] A heroes and models reporting team from a certain Yunnan frontline unit arrived in Hefei on 22 August, receiving warm welcome from party, government and military responsible comrades of the province and Hefei City, as well as from commanders and fighters of the provincial military district.

Provincial and city party, government, and military responsible comrades greeting the reporting team were: Huang Huang, Wang Yuzhao, Li Rongjing, Xu Leyi, Zhang Linyuan, Hong Qingyuan, Zhang Zuoyin, Zheng Rui, Yang Jike, Sun Zongrong, Li Pingzhang, Guo Shengkun, Wang Zhaocheng, Xiong Yukun, Yan Ping, Xue Ruiyang [5641 3843 7122], Zhao Huaishou, Zhou Benmo, and responsible persons of concerned provincial departments.

ANHUI CONTINUES TO INCREASE EXPORT VOLUME

HK040317 Beijing CHINA DAILY in English 4 Oct 85 p 2

[Text] Anhui Province's export volume hit $119 million for the first six months of 1985, a 12 percent increase over the same period last year, the newspaper ECONOMIC INFORMATION reports. Since 1978, the volume of exports in the province has risen annually by 90 percent. The earnings were $240 million in 1984, 22 times higher than in 1978.

Anhui exports nearly 500 different products to 90 countries and regions in the world, all made in the province. Foreign trade is expected to earn $700 million by the year 1990. Anhui used to be a "stopover station" for coastal regions. Now the province has set up 100 bases of its own for the production of export commodities. These include goat skins, peppermint oil, asparagus, mushrooms, angora, mink skins and spearmint oil, products now in demand in international market. Foreign trade departments support these bases by providing interest-free loans, steel coal, and chemical fertilizers.

Between January and July, the province purchased 1.3 million goat skins, a 5.3-fold increase over the same period last year; 211 tons of peppermint oil, a 12-fold increase; 441 tons of angora, a 40 percent increase; 14,600 mink skins, a 79 percent increase. In addition, Anhui foreign trade sectors are starting to produce other popular international commodities, such as yangtao, filature skin, clothing and pottery. For example, picnic ovens are now in demand in Western countries. Anhui is producing 20 kinds of picnic ovens; they are sold in the United States, Canada, Australia and Western Europe. Other Anhui exports include: agricultural and side-line products such as rice, bean, peanut, sesame, tea, crab and Chinese medicine; industrial and mineral products such as cement, marble, machine tool and oil products; as well as ramie, cotton cloth and silk.

RUI XINGWEN VISITS SECURITY EXHIBIT IN SHANGHAI

OW061022 Shanghai City Service in Mandarin 1100 GMT 3 Oct 85

[Text] An exhibition on the country's crackdown on criminal activities sponsored by the Ministry of Public Security opened at the workers cultural palace in Shanghai this morning. Rui Xingwen, Jiang Zemin, and other leading comrades visited the exhibition. The leading comrades pointed out that the timing of the exhibition was good, and they called for mobilizing the general public to visit it.

Through the display of pictures and articles and the showing of videotapes, the exhibition vividly demonstrates the fruitful results of the struggle against serious criminal activities launched by public security organs throughout the country since August 1983.

GUIZHOU MILITARY PREPARES FOR ARMY REDUCTION

HK020549 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 1 Oct 85

[Text] In order to pave the way for the implementation of the program for Army reduction and reorganization, the Guizhou Provincial Military District actively helps cadres who will be transferred to civilian work. The provincial Military District concentrates on the following three points in doing so:

First, the provincial Military District tries its best to satisfy the retired cadres' desires to go back to their hometowns and live together with their families. Under the premise of meeting the needs of work, most cadres who are transferred to civilian work can be sent to their hometowns and live with their families. So far, the provincial Military District has helped 33 cadres at the regiment level settle down in their hometowns, and the Zunyi, Anshun, Tongren, and Shuicheng Military Subdistricts have properly arranged civilian work for 52 cadres at the battalion level.

Second, the provincial Military District also helps cadres who are transferred to civilian work by finding jobs for their wives and finding schools for their children. Thus, these cadres can be relieved of anxiety about their families' future. For example, the Political Department of the Bejie Military Subdistrict has helped 15 cadres seek schools for their children. The Zunyi Military Subdistrict has tried its best to arrange quarters for cadres on active service tolive with their wives.

Third, the provincial military districts must seek suitable civilian positions for cadres who will be retired from the Army. Leaders of various units of the Military District have personally gone out to contact civilian units in the name of the Army units. They recommended their retired cadres to responsible people of the civilian units and fulfilled the formalities for job placements so that the retired cadres can find jobs best suited to them. At present, 29 of the 43 cadres who will be transferred to civilian work in Guiyang City have found suitable jobs, and 84 out of 89 cadres in the Tongren Military Subdistrict who are to be transferred to civilian work have found satisfactory jobs.

XIZANG MOVES TO CUT BUTTER PRICE IN LHASA

HK041123 Lhasa Xizang Regional Service in Mandarin 1130 GMT 28 Sep 85

[Excerpts] According to XIZANG RIBAO, the price of butter in Lhasa has been cut steadily. From 1 September to the present, the price has dropped from the previous level of around 7.5 yuan per 10 jin to the present level of around 5 yuan per 10 jin.

In July and August this year, the price of butter in Lhasa exceeded 7.5 yuan. The regional CPC Committee and people's government were much concerned about the people's livelihood. Therefore, on 16 August, Wu Jinghua, secretary of the regional CPC Committee; and Duojiecaidan, chairman of the regional people's government, called a special meeting for the responsible people of the departments concerned in solving the butter pricing issue.

The meeting decided to purchase butter from the counties directly under Lhasa jurisdiction, as well as Naqu Prefecture, and to transport the butter to Lhasa for sale at a price below the market price. Therefore, the grain departments could participate in the market readjustment and could keep down the market price of butter. Moreover, because of the policy of opening up and invigorating the internal economy, both Gansu and Qinghai transported a large amount of butter to the Lhasa market. According to incomplete statistics, both Gansu and Qinghai transported daily as much as over 4,000 tons of butter to the market of Lhasa, accounting for 60 to 70 percent of Lhasa's daily sales volume of butter. This also played a significant role in keeping down the butter price of Lhasa.

HEILONGJIANG'S LI LIAN SPEAKS AT PLANNING FORUM

SK040601 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 3 Oct 85

[Excerpts] According to a report carried on page one of HEILONGJIANG RIBAO, more than 100 experts and scholars in Beijing Municipality, veteran comrades who had long worked in Heilongjiang Pronvice, and young researchers held a forum to discuss our province's strategic plans for economic development. At the beginning of the forum, Li Lian delivered a speech in which he stated: Since our strategic plans are still preliminary, I earnestly hope that the friends who have shown ardent concern to the development of various undertakings in the province appraise the plans extensively and frankly.

At the formum, Yu Guangyuan stressed: The strategic plans of development must embody the spirit of reform. It is impossible to implement the plans without the reform drive. He stated: The truth becomes clear to those who have analyzed local conditions in a scientific way. Therefore, the strategic plans of development should be full of local characteristics and should be regarded as indigenous teaching materials for local cadres.

At the forum, Tong Dalin stated: Heilongjiang Province occupies an important position in the development of strategies. He held that the center of world economic development is moving towards the Pacific. The province is an important station on the bridge connecting the continents of Europe and Asia. Judging from the future development of multilateral trade, the province stands as a link. Therefore, by no means should we consider the province only in its present conditions.

At the forum, Li Chang held that the province's economic development should be centered on reforming in price and managerial systems. A scholar said that the province has conditions for developing animal husbandry and should move along the road of combing agriculture, forestry, and animal husbandary. Hou Xueyu, a noted ecologist, delivered a speech stating that even the best strategic plan could not be carried out without dealing with problems arising in the sense of responsibility and work style performed by cadres.

At the forum, after hearing the last speech, Hou Jie stated: Our field of vision is relatively narrow and the forum today has been a rare occasion for us. He also expressed hearty appreciation to the friends who had bluntly criticized the shortcomings of the province's work.

HEILONGJIANG COMMENTARY: FIGHTING ECONOMIC CRIME

SK061322 Harbin Heilongjiang Provincial Service in Mandarin 1000 GMT 3 Oct 85

[Commentary: "Deepen the Struggle Against Serious Economic Crimes"]

[Text] At present, law violations and criminal activities in the economic sphere are seriously corrupting our cadre ranks; corroding the minds of some persons; undermining party style; polluting social values; and affecting the implementation of the policy of reform, opening to the outside world, and invigorating the economy. For this reason, we should have a clear understanding, and adopt effective measures to deepen the struggle against serious economic crimes. It is true that serious law violations and criminal activities in the ecmpomic sphere have their historical and social causes and sources. However, the failure to fully understand the harmfulness of serious criminal offenses and to deal effective blows to serious economic criminal activities on the part of some leaders is another important reason. The main manifestations of inadequate understanding and failure to deal effective blows to criminal activities can be summarized as follows:

The first is fear. Some persons worry that dealing blows to economic offenses will bring harmful effects to the policy of reform, opening to the outside world and invigorating the economy, and fear that this will make them commit new mistakes. The second is relaxation. They hold that the struggle against economic crimes has been carried out for years and is about to end, and that they may slacken their efforts and concentrate their energies on reform and construction. The third is difficulty. They hold that it is hard to investigate economic cases because they will meet with interference and great obstacles and that economic cases are usually complicated. Therefore, they have endless misgivings and are irresolute and hesitant in dealing with the cases.

Party and government comrades at all levels should set the fundamental interests of the party and the people above everything else, have a clear-cut stand, strictly enforce the law, break with the network of personal relations, eliminate layers of protection, firmly grasp the struggle against serious economic offenses, and ensure smooth progress in reform and in economic construction.

JILIN SECRETARY ATTENDS OPERA COMMEMORATION

SK050555 Changchun Jilin Provincial Service in Mandarin 1030 GMT 4 Oct 85

[Excerpt] A meeting to commemorate the 25th anniversary of the founding of the Jilin opera and to watch the performance of experimental plays opened at the assembly hall of the provincial hotel on 4 October. Attending the opening ceremony were Gao Di, secretary of the provincial CPC Committee; Wang Zhongyu, deputy secretary of the provincial CPC Committee; Liu Jingzhi, chairman of the provincial CPPCC Committee; Dong Su, vice chairman of the provincial People's Congress Standing Committee; Wang Jinshan, vice governor of the province; and responsible comrades of the provincial department concerned. Also attending the meeting were more than 800 people, including personnel from the China Institute for Art Study and the Chinese Dramatists' Association; dramatists and theorists from Heilongjiang, Liaoning, and Hebei Provinces; and screening and critic groups and performance groups from all prefectures and cities across the province. Wang Zhongyu, deputy secretary of the provincial CPC Committee, delivered a speech at the meeting.

LIAONING: DALIAN SUNDRY GOODS WHARF COMPLETED

SK070440 Shenyang Liaoning Provincial Service in Mandarin 2200 GMT 6 Oct 85

[Text] Construction of the Xianglujiao sundry goods wharf of Dalian Harbor, one of the many construction projects in China during the Sixth 5-Year Plan period, has been completed, and the wharf has been put into operation ahead of schedule. The construction of this wharf began in early 1983 and the total investment was 127.69 million yuan. The whole project includes the construction of two deep-water berths, two berths for medium-class vessels, and one pier. It covers a coastline totaling 1,222.75 meters in length. The total built-in area covers 63,273 square meters. The annual cargo-handling capacity of this wharf is 960,000 tons.

Thanks to the implementation of the contract responsibility system while making the budgetary estimate for the project, the enthusiasm of all quarters was boosted. The construction task was completed 3 months ahead of schedule. The quality of the whole project attained the qualified standards at the ministry-level appraisal and acceptance test. Of this, the major construction projects such as the pier, warehouses, and storage areas attained the quality construction standards, and some 20 million yuan of state funds were saved. With the completion of its construction and start of operation, this wharf will create an annual profit of nearly 1.6 million yuan for the state and will meet the needs in developing the national economy and foreign trade in the three northeast provinces of China and in the eastern part of the Nei Monggol Region.

QINGHAI LEADERS CELEBRATE NATIONAL DAY

HK040700 Xining Qinghai Provincial Service in Mandarin 2330 GMT 1 Oct 85

[Text] A report in QINGHAI RIBAO said that people all over Xining were very happy on National Day. Yesterday, tens of thousands, of people took part in National Day celebrations in various parks including the people's park. They greated the successful closing of the the 40th and 5th Plenary Sessions of the 12th CPC Central Committee and the National Conference of Party Delegates and hailed the great achievements the motherland has made over the past 36 years.

Provincial and Xining city leaders including Yin Kesheng, Song Ruixiang, Liu Feng, Huanjiecailang, (Lu Shengdao), Zhao Haifeng, Ma Wanli, (Hu Qijun), and (Luo Kunan) went to factories, recreational centers, the (Kuchenghai) market, and the people's park to celebrate National Day with the people.

QINGHAI PREFECTURE TRIES ECONOMIC CRIMINALS

HK060907 Xining Qinghai Provincial Service in Mandarin 2330 GMT 1 Oct 85

[Text] By mid-September, nine major economic criminal cases had been solved in the Yushu Zang Nationality Autonomous Prefecture. Three of the nine cases have been tried and four criminals have been punished according to law.

In the course of economic structural reform, some people in the prefecture wantonly and illegally abused their power or took advantage of the favorable conditions in their work. (Jin Dengwu), an employee in the credit department of the Qumalai County branch of the Bank of China, and (Zhang Enyu), director of the (Qumahe) Township savings office, used false names to obtain loans totaling 9,000 yuan. They bought noodles, tea, and shoes with the money and sold the goods at a profit in Qumalai County.

To ensure the smooth execution of economic structural reform, in addition to closely observing party rectification, the Yushu Autonomous Prefectural CPC Committee lost no time in handling major economic criminal cases, thus correcting party style and promoting a turn for the better in the general mood of society. Many people exposed economic criminal cases and reported them to the authorities.

Investigation of the remaining six economic criminal cases has been completed and the cases are being tried.

MORE ON XINJIANG 30TH ANNIVERSARY

Ismail Amat Gives Press Conference

HK040609 Beijing ZHONGGUO XINWEN SHE in Chinese 0834 GMT 29 Sep 85

[Text] Urumqi, 28 Sep (ZHONGGUO XINWEN SHE) -- "The Xinjiang Uygur Autonomous Region has decided to open its doors wide, to vigorously import advanced foreign technology and equipment, and, on the basis of equlity and mutual benefit, to energetically expand horizontal economic ties, open up to the outside world in an overall manner, and further invigorate the domestic economy." Ismail Amat, chairman of the government of the Xinjiang Uygur Autonomous Region, made this remark at a press conference he gave for Hong Kong and Macao reporters. Chairman Ismail indicated: Through the reporters' efforts, we hope that more and more compatriots in Hong Kong and Macao will have an adequate understanding of Xinjiang and be our friends and collaborators in developing and building Xinjiang.

Chairman Ismail Amat said: At present the autonomous region has established economic and trade relations with more than 50 countries and regions and exported some 170 kinds of goods. Over the last few years, under the guidance of state unified planning, it has revived and developed border trade with the Soviet Union and Pakistan, thus starting attempts to conduct direct trade with west Asian countries and opening bright prospects for the development of the region's trade with other countries. At present, the region is running a group of joint ventures using Chinese and foreign investment. The Tianshan Woolen Textile Company Limited, which the region runs together with Japanese and Hong Kong interests, has made a profit of some 6 million yuan in 3 years. The three parties have expressed satisfaction with the company's performance. A group of joint-venture enterprises using Chinese and foreign investment, such as the Urumqi Chemical Fertilizer Plant and the 18 oil-prospecting and other cooperation projects, are being carried out smoothly. Last year Xinjiang put to use more than US$100 million in foreign investment. At the economic and foreign trade investment symposium held this year, the region absorbed US$160 million or more in foreign investment. All this shows that the region has achieved gratifying results in opening its doors to the outside world and importing advanced foreign technology and equipment. Chairman Ismail went on to say: To ensure that foreign investors in Xinjiang have good prospects of gain, the autonomous regional government has formulated eight policies giving them preferential terms.

Reporters of TA KUNG PAO, WEN WEI PO, HSIN WAN PAO, SHING PO, CHING PAO, SHEUNG PO, SING TAO YAT PO, and the television broadcasting company were present at the press conference. Chairman Ismail answered questions raised by reporters.

Having visited such places as Ili and Karamay for a week, the delegation of Hong Kong and Macao reporters returned to Urumqi today. Chairman Ismail asked the reporters to celebrate Mid-Autumn Festival and the 30th anniversary of the establishment of the autonomous region together with their compatriots of all nationalities in Xinjiang.

Wang Zhen Visits Kazak Herdsmen

OW052228 Beijing XINHUA Domestic Service in Chinese 1424 GMT 3 Oct 85

[By reporters Li Xianguo and Wahafu Azhamaiti]

[Text] Urumqi, 3 Oct (XINHUA) -- Wang Zhen, head of the central delegation, and other members of the delegation visited the cadres of various nationalities and Kazak herdsmen at Baiyanggou in the Tianshan Mountain today. They were welcomed by singing and dancing Kazak herdsmen dressed in their holiday best. On the green grassland, the Kazak herdsmen welcomed the beloved visitors from Beijing with performances of traditional national activities such as horse-racing, sheep-shearing, girl-chasing [gu niang zhui 1196 1224 6620], and wrestling. Comrades Wang Zhen, Hao Jianxiu and Burhan, full of zest, rambled on horseback.

At lunch time, the herdsmen entertained their guests with typical Kazak food served in a tent.

Accompanying Wang Zhen on the trip were Wang Enmao, first secretary of the Xinjiang Uygur Autonomous Regional CPC Committee; and Tomur Dawamat, chairman of the Autonomous Regional People's Congress Standing Committee.

Tours Chemical Plant, Railway

HK060910 Xinjiang Regional Service in Mandarin 1300 GMT 4 Oct 85

[Excerpts] This morning, the central delegation headed by Wang Zhen, representing the CPC Central Committee and the State Council, went to the Urumqi petrochemical plant to call on the cadres and masses of various nationalities.

They were warmly welcomed by several thousands of the masses who lined both sides of the street. Regional party, government, and army leaders Wang Enmao, Ismail Amat, Tomur Dawamat, Xiao Quanfu, Tan Shanhe, Qi Guo, Li Jiayu, Janabil, Song Hanliang, and (Chen Xu), together with some 3,000 cadres, staff members, and workers in ethnic costumes, gathered in front of the gate of the petrochemical plant to greet the central delegation.

At 1100, when Wang Zhen, head of the central delegation; Hao Jianxiu, Burhan Shahidi, Tao Zhiyue, Zhou Wenyuan, Wang Guoquan, Xu Qing, (Ren Ying), and (Chen Xin), deputy heads of the central delegation; and other members of the delegation stepped down from their coach, Wang Enmao and other regional leaders and responsible comrades of the Urumqi petrochemical plant went up to greet them. Comrade Wang Zhen enthusiastically shook hands with each of them. Smiling, Comrade Wang Zhen and other comrades frequently waved to greet the people.

At a meeting hall in the petrochemical plant guesthouse, Comrade Wang Zhen and other comrades of the delegation listened to a work report by (Yuan Mingcui), manager of the petrochemical plant, and watched a videotape on the achievements the plant has made in the 10 years since its establishment. Comrade Wang Zhen then spoke. On behalf of the central delegation, he extended kind regards and holiday greetings to all cadres, staff members, and workers of the petrochemical plant. He also hoped that the cadres, staff members, and workers would unite, fight, and exert continuous efforts to make new contributions to developing and building Xinjiang.

The central delegation presented a congratulatory letter to the plant. Comrade Wang Zhen also wrote a few words of encouragement for the plant. Then Comrade Wang Zhen and other comrades met cadres of the plant and had a group photo taken to mark the occasion.

This afternoon, Wang Zhen, head of the central delegation, went to (Wangjiagou), the start of the northern Xinjiang railway, which is under construction, to call on the staff members of various nationalities who are now building the railway. When Wang Zhen, accompanied by regional leaders Wang Enmao, Ismail Amat, Tomur Dawamat, Qi Guo, Song Hanliang, and Huang Baozhang drove to the site, the people there warmly applauded.

On the site, Comrade Wang Zhen enquired in detail about the construction of the northern Xinjiang railway and watched with great interest the operation of track-laying machines. Before leaving (Wangjiagou), Wang Zhen, head of the central delegation, had group photo taken with staff members, workers, technical and engineering personnel, and cadres of various nationalities to mark the occasion.

Visits Altay Prefecture

OW070540 Beijing XINHUA Domestic Service in Chinese 1249 GMT 6 Oct 85

[Newsletter by XINHUA reporter Wang Youfu: Jia-ma-li-ji's Wish Comes True]

[Excerpts] Urumqi, 6 Oct (XINHUA) -- On 5 October, Chairman Wang Zhen, Vice Chairman Xu Qing, and other members of the central delegation flew to Altay Prefecture in northern Xinjiang, which is inhabited mainly by people of Hazak nationality, to visit people of various nationalities there. In front of a white yurt, a healthy, strong middle-aged woman carrying a new embroidered Hazak felt rug stepped forward, held Chairman Wang Zhen's hand firmly, and presented the rug to him. She said excitedly: "Chairman Wang Zhen please accept this felt rug that I embroidered myself. This little gift is a token of the Altay Hazak people's regard for you."

This Hazak woman, Jia-ma-li-ji, is a herdswoman of Balibagai Township's Halagashi Village in Altay City. She was seriously ill in 1978. Then, a good-hearted driver of Uygur nationality drove her to the hospital attached to the Xinjiang Medical College in Urumqi for treatment, where medical personnel warmly looked after her. Doctors of Han nationality carefully treated her, and an associate professor of Han nationality, on his own initiative, participated in the consultation on her treatment. After more than 1 month of careful treatment, Jia-ma-li-ji was fully recovered and released from the hospital. The government gave her a 200-odd yuan subsidy for her medical expenses of over 300 yuan.

In recent years, she kept thinking about how to thank that Uygur driver and those doctors of Han nationality and how to repay the kindness of the party and the government. Jia-ma-li-ji's wish finally came true today. After gladly accepting the felt rug, Chairman Wang Zhen repeatedly said: "Thank you, thank you!" He spread the rug and appreciated the fine craftsmanship applied in embroidering it and wished her family more prosperity through hard work. Wang Enmao, first secretary of the Xinjiang Uygur Autonomous Region, and Janabil (of Hazak nationality), secretary of the regional party committee, both accompanying him on the visit, happily and cordially shook hands with Jia-ma-li-ji and praised her for her deep love of the party and government. She said excitedly: "I am very happy today!"

Tian Jiyun Leaves for Beijing

HK060846 Urumqi Xinjiang Regional Service in Mandarin 1300 GMT 4 Oct 85

[Text] Tian Jiyun, deputy head of the central delegation, left Urumqi for Beijing yesterday afternoon by plane before other members of the delegation. Regional party and government leading comrades Ismail Amat, Song Hanliang, Amudong Niyazi and Yusufu Muhanmode saw him off at the airport.

Accompanied by Ismail Amat and other regional leaders, Tian Jiyun, deputy head of the central delegation, yesterday afternoon visited the exhibition of the achievements made by the autonomous region during the 30 years since its establishment and the exhibition of folk customs of Xinjiang.

XINHUA ON TAIWAN'S 'PEACEFUL REUNIFICATION'

OW031209 Beijing XINHUA Domestic Service in Chinese 0312 GMT 30 Sep 85

[Text] Beijing, 30 Sep (XINHUA) -- Report by XINHUA reporter: Today, 4 years after Ye Jianying put forward the 9-point policy on the peaceful reunification of the motherland and following the successful solution of the Hong Kong question by our country's government in line with the concept of "one country, two systems," the voice of Taiwan compatriots and Overseas Chinese for the peaceful reunification of Taiwan with the mainland of the motherland is increasingly being raised. And these people are increasingly dissatisfied with the Taiwan authorities' rigid policy of "no contact, no talks, and no compromise."

Public opinion calling for the peaceful reunification of the motherland has taken shape at home and abroad. TIN TIN YAT PAO, published in Hong Kong, pointed out in its 19 February editorial: "By devising the concept of 'one country, two systems,' the CPC aims at avoiding war and at striving for peace. This spirit of seeking common ground from among differences and reunification from divisiveness is always desirable, and at least we ordinary people advocate such a solution." BEIMEI RIBAO [NORTH AMERICA DAILY], published in New York, pointed out in its 21 June editorial: "The CPC wants to adopt the pattern of 'one country, two systems' to bring about peaceful reunification. This pattern is acceptable, and what is needed is patience and arduous effort. As long as the situation in China gets better with each passing day, reunification will eventually be realized." Earlier this year, a Taiwan magazine XINHUO ZHOUKAN [WOOD SPARK WEEKLY] carried an article pointing out: "Over the past 6 years, CPC leaders have continually issued appeals for peace. This has not only fully reflected the CPC's sincerity on holding peace talks but also reduced tension in the Taiwan Strait. These appeals have received favorable comments from the international community. If the Kuomintang authorities had taken concerted action, a new situation would certainly have occurred in the Taiwan Strait."

The Taiwan authorities are being sharply criticized by people of all walks of life in Taiwan and by Overseas Chinese for clinging to their rigid policy of "No contact, no talks, and no compromise." At the end of March, a professor at Zhengzhi University in Taiwan pointed out in an ariticle dealing with the reunification of China and the concept of "one country, two systems": The Sino-British agreement on the Hong Kong question "is a major, exciting event in which people should take pride and which should deserve mention" in Chinese history. But it is disappointing that the Taiwan authorities have added "the doctrine of no recognition and no trust" to their policy of "no contact, no talks, and no compromise." "Not one of" the Taiwan authorities' "reasons for their policy of 'no contact, no talks, and no compromise' is tenable, and all this is only harmful to Taiwan." The article pointed out that "it is necessary to negotiate with the CPC immediately." An article published in the January issue of ZHONGHUA ZAZHI [CHINA JOURNAL] started by Hu Qiuyuan, member of Taiwan's "Legislative Yuan," pointed out: "Taiwan has only said no" to "various proposals put forward by the CPC on the reunification of the motherland. This policy is by no means beneficial to Taiwan." This journal pointed out in another article: "Public opinion is intensifying and the people long for peace. Being eager to bring about the peaceful reunification of the motherland has become an irresistible tide of the time, and those who try to hold back the tide will certainly be drowned by it." At a "symposium on national construction" held by the Taiwan authorities in August, scholars in Taiwan and from abroad asked the Taiwan authorities one after another: "Is it appropriate to adopt the policy of no talks, no compromise, and no contact with the CPC?" Some of them proposed that "talks be held with the CPC in Taibei or in Beijing."

This year the compatriots in Taiwan have requested more earnestly that the authorities allow person-to-person contacts between Taiwan and the mainland and establish postal, trade, and transport relations with the mainland as soon as possible. Between April and June this year, people from various circles in Taiwan carried out animated discussions with regard to the vacillating entropot trade policy pursued by the authorities. At a session of the "Legislative Yuan's Economic Committee," some "legislators" pointed out that "entrepot trade is a fait accompli" and that "banning entrepot trade is tantamount to hampering the development of Taiwan's foreign trade."

Time and again the Taiwan Cotton Textile Association has proposed to the authorities that permission be given to purchase mainland cotton as a way to solve the difficulties being experienced by Taiwan's textile industry. Liu Taiying, director of the Taiwan Economic Research Institute, has suggested on many occasions that "joint industrial and commercial operations" and "cooperative energy projects" be conducted between the two sides of the strait. A signed article published in ZHONGHUA ZAZHI stated: "The first step will be the exchange of visits by people from both sides of the strait, and China's peaceful reunification will be promoted as more and more people show such a desire." "This is not only for the sake of our country's future but also for the sake of the Kuomintang's future." Articles were also written by some professors of Soochow University and Fengjia University with the following appeal: "It is necessary to restore the substantive relations with the mainland compatriots and gradually allow Taiwan's people to go to the mainland to visit their relatives, take sight-seeing tours, give lectures, or attend academic symposia. We may even take the initiative to send someone to the mainland; at the same time, we may also receive those dispatched by the mainland to visit Taiwan."

Last August, at a symposium on "the mainland's economic reform versus Taiwan's economic strategy," the first of its kind held in Taiwan, some Overseas Chinese participants asked repeatedly that the Kuomintang authorities change their "no contact, no talks, and no compromise" policy and enter into peaceful competition with the mainland so that mutual trust will be built up between the two sides and reunification achieved when conditions are ripe. This year a number of forums to probe and discuss the question of China's peaceful reunification have been held by Chinese residing in the United States, and scholars from both sides of the strait were invited to attend the forums. This provided opportunities for people from both sides of the strait to exchange opinions personally. In its 9 June editorial, Hong Kong's ZHONG BAO [0022 1032] pointed out: "As for the development of meaningful substantive exchanges and contacts with Taiwan people, including the contacts with Taiwan people overseas, we should see to it that the scope of such exchanges and contacts covers not only trade activities but the political aspects as well." "This will help reduce suspicions and misunderstandings about each other. With the passing of time, if the people's will is in favor of reunification, why should we worry about the Kuomintang authorities' refusal to conduct peaceful talks?" Certainly, the Taiwan question can be resolved.

CHENG MING ON DENG XIAOPING, CHEN YUN DISPUTE

HK011201 Hong Kong CHENG MING in Chinese No 96, 1 Oct 85 pp 6-10

["Notes From Northern Journey" by Luo Ping: "Party Delegates Conference and Dispute Between Deng and Chen"]

[Text] "Peaceful Reshuffle"

In mid-September, a new term "peaceful reshuffle" prevailed among the press circles in Beijing. This term was used by foreign reporters while discussing the problem of succession of young cadres to old ones in the leading body of the CPC Central Committee. The Chinese people know very well that the reshuffle was arranged in advance. The list is bound to be adopted by the party delegates conference and no "nonpeaceful" surprising problems will ever arise.

The reshuffle at the political stage was announced at the 4th Plenary Session of the 12th CPC Central Committee. Sixty-four old party members resigned from their positions as members or alternate members of the CPC Central Committee (another 37 people resigned from the Central Advisory Commission, and 30 from the Central Discipline Inspection Commission). Ye Jianying, whose name is listed among the 61 old party members and who is one of the 6 Standing Committee members of the Political Bureau, could have "enjoyed" the "treatment" of "livelong tenure of office" as a Standing Committee member of the Political Bureau, if serious illness and incapability of performing his duties, had not forced him to "give up" his power.

The resignation of the 10 Political Bureau members was decided long ago (Ye Jianying, Deng Yingchao, Xu Xianqian; Nie Rongzhen, Ulanhu, Wang Zhen, Wei Guoqing, Li Desheng, Song Renqiong, and Zhang Tingfa). Who will be the new members of the Political Bureau? According to relevant sources, they include Hu Qili, Li Peng, Tian Jiyun, Qiao Shi, Wang Zhaogui, Hao Jianxiu, Wu Xueqian, and Yao Yilin). They will respectively join the Political Bureau and the Secretariat.

Whatever the consequences, there are both reformers and conservatives in the Political Bureau and the Secretariat. However, the reformers constitute the majority, while the conservatives are but a minority.

According to sources in Beijing, Ye Jianying asked to resign on many occasions in the past. Although his wish came true this time, it was conditional on his son being promoted. He also encouraged his son to be mayor and governor first and then join the CPC Central Committee.

"If Deng Refuses To Resign, I Will Follow His Example"

The core of CPC power is the central Political Bureau and the core of the Political Bureau is its Standing Committee. Therefore, changes of personnel in the Political Bureau and its Standing Committee attract particular attention. The Standing Committee of the Political Bureau is a favorable position which the people contending for "power" must strive for. A well-informed friend told me: A trial ballon flew into Chen Yun's sphere of influence, namely, Deng Xiaoping was thinking of his resignation and withdrawal from the Political Bureau and its Standing Committee. Chen Yun's reponse was: If Deng resigns, I will resign too. If Deng refuses to resign, I will follow his example. Chen Yun also put forward a "counterproposal": Apart from Ye Jianying who is incapable of performing his duties, all other Standing Committee members of the Political Bureau should remain unchanged.

Will new members be elected to the Political Bureau Standing Committee after Ye Jianying's withdrawal? According to the "unchanged" principle, no new member will be elected.

Deng Xiaoping and Hu Yaobang intend to promote Hu Qili to the Standing Committee so as to enhance the strength of the reformers in the highest decisionmaking body. Even if Hu Qili is not promoted, the reformers still constitute a majority in the Political Bureau Standing Committee.

In recent years, Chen Yun has regarded himself as a defender of orthodox Marxism. He gave people the impression that he adhered to socialism and Marxism more than Deng Xiaoping who advocated and emphasized the "four cardinal principles." Viewed from the conservative stand of the conservative communists, Chen Yun's theory is unassailable. As a result, Chen Yun is quite influential among these cadres. Viewed from another aspect, Chen Yun and his followers may become the force that obstructs economic reform and opening up, though they have not openly opposed the views and policies of Deng Xiaoping and Hu Yaobang. (In the following, we will discuss Chen Yun's differing views which were not made known to the public.)

Exchange "Change" for "Unchange"

Deng Xiaoping was quite aware that it would be impossible to effect a change of personnel in the Political Bureau Standing Committee. He realized that he could only achieve the following objective: Readjust the Political Bureau, the Secretariat, and the three CPC central bodies in accordance with the needs of the Deng-Hu line.

My friend told me that this was a political deal characterized by "tacic understanding" between both sides.

To effect the succession of new cadres to old ones in the three CPC central bodies (the CPC Central Committee, the Central Advisory Commission, and the Central Discipline Inspection Commission), the CPC formed a work group headed by Hu Yaobang to draft the lists and gain the approval of Deng Xiaoping before the 4th Plenary Session of the 12th CPC Central Committee. The members of the group included Xi Zhongxun, Bo Yibo, Song Renqiong, Qiao Shi, Yu Qiuli, and Wang Heshou. Most of them incline to reform and opening up. Therefore, it can be imagined that the new members of the CPC central bodies are people of the Deng-Hu line.

We can also say that Deng and Hu have scored a success in readjusting the CPC central bodies.

However, it is difficult to expect everything to turn out just as one wishes.

Beijing's cultural circles which are politically sensitive have noticed that Hu Qiaomu and Deng Liqun are not among the lists of those who have asked to resign from the CPC Central Committee. Both of them are over 70 and have not done their work properly. Actually, they should withdraw from the CPC central bodies. If Hu Qiaomu and Deng Liqun are removed from the CPC Central Committee by force, it would lead to disputes. Because they are not willing to give up their power and, what is more, the man behind them is also not willing to let them give up their power.

Chen Yun: I Want To Protect Hu Qiaomu and Deng Liqun

According to people's impression, Chen Yun is the backstage supporter of Hu Qiaomu and Deng Liqun. However, no one can give any example to explain this impression. A piece of news spread recently from the top levels of the CPC has proved this impression.

The fact is: At a national conference of responsible comrades of the provinces and municipalities, Chen Yun publicly declared:

I want to protect two intellectuals, Hu Qiaomu and Deng Liqun.

Why is it necessary to "protect"? Since Hu Yaobang repulsed the anti-"rightist" offensive launched by Hu Qiaomu and Deng Liqun in September 1984 through the so-called forum of literature and art work, Hu Qiaomu and Deng Liqun have been in low spirits. They did not even attend the fourth congress of the Writers' Association held last winter and this spring. Nevertheless, a force and trend to launch a counteroffensive gradually took shape through a series of "contacts" made, which included: Deng (head of the Propaganda Department) venting his grievances in front of figures with greater power and influence, deputy head He going hither and thither to enlist sympathy and support from the personages with actual power, and Shanghai's leftist ringleader Xia rushing to Guangzhou to exchange information with Hu Qiaomu.

The climax of the counteroffensive was that Chen Yun stepped forward to back up Hu Qiaomu and Deng Liqun. The original version of his speech at the national conference of responsible comrades of the provinces and municipalities was:

I want to protect two intellectuals and implement policies on them. They are Hu Qiaomu and Deng Liqun.

His remarks startled the comrades attending the conference.

Some People Assailed Hu Yaobang by Name

When he paused for a while after saying "implement policies on them," a solemn silence reigned the hall. While many participants cast their eyes with alarm on the speaker, the "leftists" were extremely excited. As if having taken a cardiac stimulant, they seized upon the problems of indiscriminately issuing bonuses and speculation to attack economic reform and opening up. Some even assailed Hu Yaobang and Zhao Ziyang by name. Deng and He of the Propaganda Department also seized upon the question of unhealthy tendencies in an attempt to redress the drive to "eliminate spiritual pollution." They clamored that the drive to "eliminate spiritual pollution" was not wrong. The problem is that the drive was not carried out thoroughly.

At this moment, the wind of the "left" deviation spread all over the place. The "leftists" in the NPC, CPPCC, and the people's congresses and CPPCC's at various localities started to launch attacks openly or covertly against reform and opening up. Aiming at Hu Yaobang taking the lead in wearing Western suits, a member of the Guangdong CPPCC said at a group meeting: "Both Mao Zedong and Zhou Enlai wore Chinese suits in the past. We Chinese must have our own suit and style. We must preserve our fine tradition and never regard everything produced in the West as good." (The speeches made by this person and some others were included in a "classified document.") Meanwhile, Hu Qiaomu and Deng Liqun were complacent and appeared frequently on public occasions.

Can the Restriction on the Freedom of Speech Be a Kind of Compromise?

Shortly after the work group in charge of the shake-up at the central level headed by Hu Yaobang was set up, another work group specializing in grasping ideological work was established (which has not been finally confirmed,) including such personages as Deng Liqun, who had been removed from office as director of the Propaganda Department under the CPC Central Committee (and has actually left the office.) Over the past few months, Hu Qiaomu and Deng Liqun have been more and more in the limelight, getting the momentum to stage a comeback.

The revival of the leftist chieftains is certainly not a good thing, and is unfavorable to the reformists. Perhaps it is because Deng Xiaoping and Hu Yaobang are pursuing some more important targets that they do not care about making some sacrifices in the ideological field. Hu Yaobang even published his "Talk Concerning the Press," and "Talk on Literature and Art" in a "leftist" tone. During that period, the result of the shake-up of leading bodies at provincial and municipal levels with the aim of rejuvenating them has resulted in those cadres who tend toward reform and opening up occupying the posts of provincial or municipal party committee secretaries, or governors and mayors. In addition, military organs have also undergone a shake-up, and the military regions have been reorganized. All these changes are favorable to carrying out reforms and the policy of opening up to the outside world, and the continuity of policies after Deng. Therefore, "making a compromise with the conservatives in ideology" seems to be a well-grounded assumption. However, another view holds that this is just another of Deng Xiaoping's strategies which is not directed at the conservatives, but the cultural circles, which have demanded thorough reforms. The "tightening of the grip" in ideology conforms to the basic interests of Deng Xiaoping. And the starting point of such an assmumption is that Deng Xiaoping shares a common view with Chen Yun; neither of them can tolerate a genuine relaxation in ideology. Such a view effectively means that Deng Xiaoping has accomodated Chen Yun, while the practice is simultaneously favorable to the restriction of the freedom of speech.

Whereupon, the brief spring which emerged at the site of the "fourth congress" of the Chinese Writers' Association has gradually faded out. There has been a gradual tightening up in ideology. (I gave a detailed report on it in the September supplementary issue of CHENG MING; here I am giving an excerpt of it, which may be of some reference value to those readers who may have missed the "supplementary issue.")

The "Tightening Up" in Ideology

The first sign of "tightening up" is: Hu Qiaomu and Deng Liqun have ordered departments concerned of the Propaganda Department under the Central Committee and the State Council to ban and restrict the publication of some newspapers and magazines. The means to be adopted is economic; namely, stipulating that the price for newspapers should not exceed 8 fen, while that for journals should not exceed 0.20 yuan; thus quite a number of newspapers and magazines run by the masses will have to be "automatically shut down," or "automatically disappear," because of the restriction in their retail price on the one hand, and the rise in production cost (including the continuous rise in price for paper) on the other. It is said that there is some leeway for the official party journal ("HONGQI" retails at 0.26 yuan) but there shall be no breakthrough for local newspapers and journals run by the masses. Beijing's press circles hold that such means of wiping out all newspapers and magazines run by the masses under the pretext of limiting their sale prices is base and mean.

The second sign of tightening up is the removal of Yu Haocheng, a specialist in law, from his post as director and concurrently chief editor of the Qunzhong [Masses] Publication House. This publication house is directly under the leadership of public security departments, which hold that, the opinions of Yu Haocheng have departed from the orthodox way, in particular, he does not agree with Deng Xiaoping's measures of economic reform, generalized as "taking one step and looking around before taking another," neither does he agree to the system of choosing successors by forming echelons, as adopted by Deng Xiaoping and Hu Yaobang. Is Yu Haocheng wrong in doing so? Definitely not. He has spoken what is in people's minds. Nevertheless, the people's voices are to some people like the explosion of 1,000 lbs of TNT.

The third sign is that Liu Binyan is under still greater pressure. He has published "My Diary" and "Loyalty of a Second Category" this year, which have brought greater pressure on him.

And the fourth sign is the reorganization of the Chinese Academy of Social Science. Hu Qiaomu has become its honorary president, and Hu Sheng, who has close ties with the former, its principal. Hu Sheng has always been leftist, and he has now become the chieftain of an institute which produces high ranking candidates for the CPC think tank, so what does this mean?

A Face-to-Face Quarrel Between Chen Yun and Deng Xiaoping

Beijing's cultural circles hope that the current "tightening up" will not be carried too far, and will be over soon. If Deng Xiaoping and Hu Yaobang's allowing Hu Qiaomu and Deng Liqun to interfere with ideology is but a strategy, and an expedient measure, the Beijing people will be patient enough to wait for the reappearance of a sunny day. However, the conservatives do not rest contented with "tightening up" in ideology, but demand "tightening up" in the economic field as well; thus, the reformists have to deal with them seriously.

Recently, some explosive news has spread among cadres at and above bureau level: Chen Yun and Deng Xiaoping have a face-to-face quarrel.

This happened some time ago, but it is still shocking enough to those who have just learned about this important piece of news.

The so-called "quarrel" was actually different views on some important issues between Chen and Deng, and a fierce debate took place between them. Chen Yun and Deng Xiaoping hold common views on economic construction and structural reform; however, they have different views over some points. When there is dispute, it will probably lead to argument and even fierce debate. This is normal. However, the "scene" of a face-to-face fierce argument has been rare in CPC history over the past 3 decades and more.

Chen Yun Stresses Planned Economy and Economic Readjustment

During that time, many economic problems cropped up, and a series of "losses of control" took place. Chen Yun pointed out that blindness and the lack of planning existing in economic management and the loss of control in the investment of capital construction had led to the loss of control in credit loans, the use of foreign exchange, and the issuance of bonuses; whereupon the loss of control in money supply and prices had in turn affected the state's financial budget, bringing about a drop in foreign exchange reserve, and a reduction in foreign trade. If the situation was not promptly checked, it would inevitably lead to a malignant cycle, and grave injuries to the economic life. Besides, the situation of "regarding industry as superior to agriculture" had been rather serious, which would bring about grave results. Chen Yun holds that his proposal of "taking planned economy as the main body, with market economy as the supplement" is still suitable today. The national economy should be steadily developed proportionately in a planned way. The growth rate should be reduced, and grain production should still be firmly grasped. At present, it is necessary to focus on economic readjustment. The general direction of reform in the cities is correct; however, it is necessary to refrain from doing things in a hurry and laying stress on the speed of reform.

The issue of the special economic zones was another focus of the dispute. Chen Yun held that phenomena not in conformity with, and even running counter to, socialist principles had emerged in Shenzhen, which would exert very bad influence on the economic life of the whole country.

If only assembling was done under the pretext of importing foreign capital and production lines, it would be actually helping foreign countries to promote the parts they produce, which would inevitably attack China's national industry, and the loss of foreign exchange would be all the more serious. Therefore, Chen Yun proposed to examine the policies for the Special Economic Zones.

Criticizing Hu Yaobang for Suppressing Deng Liqun

With bitterness, Chen Yun pointed out: The policy of opening up to the outside world has brought unhealthy tendencies in and outside the party; moreover, the special economic zones have opened up their doors for decadent bourgeois ideas and lifestyle from abroad, which have polluted the whole nation. He stressed that when the central authorities were engaged in economic work, including reforms, it was imperative for them to avoid deviation from the track of socialism and to have good control over ideology. Without naming Hu Yaobang, Chen criticized Hu for negligence in ideological and political work, which had resulted in unhealthy tendencies overwhelming righteousness, the overflowing of human lust, some women fooling around with foreigners, without the least regard for national dignity. He held that in order to do a good job in ideological and political work, it was imperative to set up and to strengthen the role and authority of ideological and political work, while exactly on this point, depreciation and weakening had been carried out instead. In short, Chen Yun held that if ideological and political work was not firmly grasped, if the propaganda of communism and the four adherences were not strengthened, there would be a danger of a change in the nature of society.

Chen Yun also held that the situation of "one person alone has the say," should not be maintained. It was in violation of the party Constitution when some major issues had been determined by a single person without the knowledge of the leading cadres at the same level.

The Basic Difference Between Chen Yun and Deng Xiaoping

There are merits in Chen Yun's views. Deng Xiaoping does not entirely negate his views. However, there is a basic difference between Deng Xiaoping and Chen Yun, namely, Deng absolutely disagrees on the view that economic reform and opening up to the outside world will lead to a change in the nature of the society. He believes that he has adhered to the four principles and socialism, and does not want capitalism. The issue of the special economic zones is another focus of dispute. Deng admits that there are problems and shortcomings in the work of the special economic zones; however, they can be solved and overcome. Deng has insisted that the policy of opening up to the outside world and the policy for the SEZs are correct. And he does not agree to putting the blame on opening up to the outside world and the setting up of the SEZs for the emergence of unhealthy tendencies.

Chen Yun's criticism of the practice of "one person alone has the say" is correct. Deng Xiaoping surely knew what Chen was driving at. The lack of inside party democracy is an objective fact, can anybody deny it. However, does Chen Yun show as great concern for the situation of the people who have no rights whatever?

Some high-ranking personages hold that the dispute between Deng and Chen is whether China needs socialism or not. [as published] A scholar told me, the question is what kind of socialism is wanted. He was supposing that the socialism Chen Yun wants is actually the same old stuff, the socialist mold which is not very far from that of Stalin; while what Deng wants is "modernized socialism." "Modernized socialism" is a very new supposition, "which is, however, not perfect and complete, far from being so."

Pro-Hu Faction and Pro-Chen Faction

The contractions between Chen and Deng are bound to be reflected in the press. It has been said that in the RENMIN RIBAO office, there are also contradictions between the reformists and conservatives. Some local publications have carried articles belittling or even attacking the Shenzhen Special Economic Zone. On the other hand, reports and articles protecting this special zone have also uninterruptedly appeared. What is more important is that over the past few months, CPC newspapers and periodicals have published many speeches and articles, emphasizing that China's economic structure is still based on public ownership. The publication of these articles and speeches is aimed at countering the ideas of Chen Yuna and others.

Chen Yun has influence among quite a few cadres. After his differing opinions about the opening-up policy got around, some people who held the same opinion became more bold and assured. For example, a responsible cadre of Dalian City said: What on earth could we learn from the special zone? It is just a consumer city. According to this outmoded idea, cities are divided into productive cities and consumer cities, and the latter should be changed into the former through transformation. This is a kind of ignorant and "leftist" idea. Some people have even said: What is so terrific? Shenzhen is but a malignant tumor of China, which should be uprooted before we can build socialism.

In short, both inside and outside the party, there have appeared some invisible (unorganized) pro-Hu and pro-Chen factions. Most people have an impression that Hu Yaobang is even more radical in carrying out the opening-up policy than Deng Xiaoping. Therefore, there are greater contradictions between him and Chen Yun.

Deng Xiaoping "Sacrifices" Lei Yu in Order To Protect Shenzhen

It is said that after the face-to-face dispute between Chen Yun and Deng Xiaoping, the latter wavered a little on the question of Shenzhen. Some people in Beijing hold that his is a tactic of Deng Xiaoping, who made concessions in order to gain advantages. He would certainly protect the Shenzhen Special Economic Zone and its reputation. But just as this moment, the incident of reselling motor vehicles in Hainan occurred. The CPC Central Discipline Inspection Commission headed by Chen Yun and some other units made a serious investigation of this incident and the responsible cadres. Some people even attempted to take this opportunity to attack the opening-up policy. In view of this, Deng Xiaoping made a clever move to counter the attacks launched by the conservatives on the special zone policy. He "sacrificed" Lei Yu, who was in charge of government affairs in Hainan, and thus successfully protected the Shenzhen Special Economic Zone. He also "sacrificed" Mayor Liang Xiang, replacing him with Li Hao. Thus, not only was the problem quickly solved, but a new guarantee was also provided.

It appeared as if the two sides were even in this offensive-defensive war between the reformists and the conservatives, but in fact, Deng Xiaoping still gained the upper hand, because on neither the Shenzhen question nor the Hainan question was his policy on special economic zones vitally wounded. In other words, it was battered only for a limited time and in a limited way. Since then, Deng Xiaoping has repeatedly declared that "China will not follow the capitalist road." This is not only a reply to the censure from the conservatives, but also an ideological bullet to win over more party members and to disintegrate the conservatives.

Differences Between Deng and Chen as Seen From Their Birthday Celebrations

While talking with me, a friend of mine, who is a writer, put forth a very interesting view.

He said that the fundamental differences between Chen Yun and Deng Xiaoping can also be seen from their "family banquets" to celebrate their 80th birthdays.

Having quick access to information, he knew that Chen Yun's relatives used some traditional methods to celebrate his birthday on 30 June this year. They prepared some peach-shaped birthday cakes, but did not blow out candles.

But things were quite different when Deng Xiaoping's 80th birthday was celebrated on 24 August last year.

Deng's relatives ordered from a hotel (very likely the Beijing Hotel) a cake about 2 feet high, which was formed by small peace-shaped birthday cakes piled up (something like the cakes in Cheung Chau, Hong Kong, but much lower), on which there were some candles. The climax of the family celebration was lighting the candles and then, with Deng Xiaoping taking the lead, all the people around him blowing them out, including his wife Zhuo Lin and his sons and daughters. Among those present were the manager of the hotel and others. The celebration of Deng's birthday was both traditional and "modern." It can be said to be a method "with distinctive Chinese characteristics."

The People's Expectations

It is estimated that through this party delegates conference and the Fourth and Fifth Plenary Sessions, Deng Xiaoping has afforded an organizational guarantee for continuing the Deng-Hu line and built a bridge for opening up a Hu Yaobang-Hu Qili period. However, if we say that Deng and Hu have won complete victory, then we are exaggerating the fact. So long as struggle exists within the party, neither of the two sides can win a complete victory. Since there are still "leftist" people and "leftist" forces, since Hu Qiaomu and Deng Liqun are still in power, and since there are still differences on the policy of reform and opening up to the outside world, we cannot say that struggle is over. People can only hope that the struggle will not be expanded and will not obstruct the advance of the reform. A theorist of the older generation pointed out frankly: If China wants to have a bright future and the people want to live a really happy life, we must not just rely on a certain political party, but must replace rule by man and rule by party with democracy and legal system.

Dear reader, what is your opinion?

XINHUA BRANCH DIRECTOR ON PERSONNEL CHANGES

HK020235 Hong Kong WEN WEI PO in Chinese 1 Oct 85 p 4

[Report: "Xu Jiatun on Personnel Changes -- An Interview at a Banquet Hosted by the Education Community to Celebrate National Day"]

[Text] Yesterday, while attending a banquet hosted by the education community to celebrate National Day, Xi Jiatun, director of the Hong Kong Branch of XINHUA NEWS AGENCY, was interviewed by this reporter. He pointed out: One must not think that the central authorities are viewing Hong Kong with or without greater importance just because there are personnel changes in the Hong Kong Branch of XINHUA NEWS AGENCY. He stressed: Whether before or after the promulgation of the Sino-British joint declaration, the central authorities have always attached equal importance to Hong Kong.

The main contents of the question and answer session between Xu Jiatun and this reporter are as follows:

Reporter: What are your views on the recent central conference?

Xu: The members and alternate members who were elected recently to the Central Committee have been tested for quite some time in work. Many of them were judged and chosen first by the party committees of the units where they work, and some were judged and chosen by the masses of people in their work units.

Reporter: Where was Mr Zheng (Hua) elected?

Xu: He was elected here in our agency.

Reporter: What about Mr Qiao?

Xu: The same.

Reporter: It is said that Mr Qiao will succeed you.

Xu: Successors? They are all likely to succeed. Those who have or have not been elected to the membership of the Central Committee are all likely to be successors.

Reporter: Who has the greater possibility in this regard?

Xu: It depends on the future developments in their careers.

Reporter: Is Mr Zheng Hua in charge of the work of Macao affairs?

Xu: Who said that?

Reporter: Is there a relationship between Zheng's election to the alternate membership of the Central Committee and the question of Macao's future which is to be raised next year?

Xu: This is your own sensitive judgment. There is no special meaning in it. As people in Hong Kong have said: The recent personnel changes mean that greater importance has been attached to Hong Kong. As far as this question is concerned, one may say that with a Central Committee member or alternate member being appointed to work in Hong Kong, the central authorities are viewing Hong Kong with greater importance; without such an appointment, one must not say that the central authorities attach no importance to Hong Kong. Whether or not importance is attached, Hong Kong is an objective reality. Whether before or after the signing of the Sino-British joint declaration, the central authorities have always attached great importance to Hong Kong, because Hong Kong is very important.

Reporter: The recent personnel changes are conducive to Hong Kong.

Xu: You may well say that, if you like. The recent changes have left people with the impression that greater importance has been attached to Hong Kong. However, in practical work, the central authorities will not ignore Hong Kong's voice or will not fail to attach importance to Hong Kong when discussing its problems just because there is no Central Committee member working here.

Reporter: Recently, ZHONGGUO XINWEN SHE covered the Hong Kong Legislative Council election. However, it seems that XINHUA NEWS AGENCY is opposed to the development of a "more representative government."

Xu: No comment. The agency is neither for nor against it. It will make no comment on this.

Reporter: What about ZHONGGUO XINWEN SHE's coverage?

Xu: XHONGGUO XINWEN SHE is a news agency. It can have such coverage.

Reporter: Six members of the Hong Kong Basic Law Committee have been elected to the membership in the Legislative Council. As you see it, will this promote the relationship between Hong Kong and the hinterland?

Xu: This is the affair of the Hong Kong Government. I will not comment on it. However, in the capacity of an individual, we are willing to make more contacts with the Legislative Council members, both new and old.

Reporter: Can the present Hong Kong administrative system develop in line with the Basic Law?

Xu: I have no idea about that. However, since they assume posts both in the Council and the Committee, this will be helpful to the future stability and prosperity of Hong Kong as I see it. That's all. Thank you.

At a separate time, on 30 September, Zheng Hua, the newly elected alternate member of the Central Committee and deputy director of the Hong Kong branch of XINHUA NEWS AGENCY, was interviewed by this reporter at a public event. He pointed out: The CPC Central Committee has always attached importance to Hong Kong. The recent personnel changes are aimed at merely forming an echelon composed of old, middle-aged, and young cadres in terms of personnel matters.

According to Zheng Hua, he is now mainly responsible for internal affairs work. The affairs of Macao are under the charge of other people.

SECURITY FORCES WILL HAVE SAY IN DRAFTING LAW

HK020835 Hong Kong HONG KONG STANDARD in English 2 Oct 85 p 4

[Text] Security forces will be given a say in the drafting of the Basic Law despite their sensitive positions in the government.

The police, Customs and Excise and the Independent Commission Against Corruption will be sharing two seats on the consultative committee. But their representation almost went unnoticed when the distribution of seats was announced yesterday through the local bureau of the XINHUA NEWS AGENCY because it was deliberately hidden under the heading of "municipal administrators."

The initial response from some of these upholders of the law was favourable while others preferred to avoid comment for the time being.

According to the arrangements worked out by the task force, the two representatives will be officers of senior executive ranks, either in service or retired. They will be invited to take part in the consultative body by the 25 Hong Kong members of the Basic Law drafting committee and the invitation will be directly extended to the appropriate persons because "the situation is special."

THE STANDARD learned from reliable sources that the seats were made available specifically to the local security units.

But the drafting members regarded headings like "disciplinary forces" and "law enforcers" too sensitive and alarmist. They finally agreed on "municipal administrators."

The chairman of the local inspectors' association, Mr Li Shu-fung, told the STANDARD that he was delighted at the news and agreed that the police force should participate in the consultative body. "The 20,000-strong police force is an important pillar in our internal security system. If members from different sectors are invited to join in, I'd be surprised if the police are not included," said Mr Li. He did not see any conflict of interest if policemen were represented on the Consultative Committee. Since policemen are civil servants subject to civil service regulations, their participation would require the prior approval of department heads.

A spokesman for the police said that the general policy for the involvement in the drafting of the Basic Law was a matter for the Civil Service Branch and the police would follow whatever directives were issued by the branch.

A government secretariat spokesman declined to comment on the subject. But he referred to Governor Sir Edward Youde's earlier comment on the participation of civil servants in the Consultative Committee. Sir Edward said last month that civil servant participation would depend on their position and whether there would be any conflict of interest. The governor's message was interpreted by most of the civil servants' unions as giving leeway to their involvement in the consultative body. However, whether the government's open attitude applied to the sensitive area of security forces is not clear.

As far as white-collar civil servants are concerned, they have six seats among the total 150 members in the body. Five of them will come from the unspecified organizations, most likely the unions. Even though civil servants will join the body in a private capacity, they will still be required to obtain prior permission.

Several civil servants' unions, including the Chinese Civil Servants' Association, the Senior Non-Expatriate Officers' Association, the Federation of Civil Service Unions, and Hong Kong Civil Servants General Union, have already taken part in a joint conference of labour groups in which they decided to field representatives for the Consultative Committee.

Meanwhile, the preparatory office of the Basic Law Consultative Committee is writing to every special organisation to invite them to nominate candidates.

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